

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS AT JUNE 30, 2000**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>ASSETS AND OTHER DEBITS:</b>				
Cash and Pooled Cash	\$ 991,329	\$1,279,053	\$ 122	\$432,629
Taxes Receivable, net	772,121	80,282	-	-
Other Receivables, net	82,683	21,176	26	4,357
Due From Other Governments	268,303	149,626	341	2,245
Due From Other Funds	51,790	22,220	-	629
Inventories	8,650	6,918	-	-
Prepays, Advances, and Deferred Charges	52,206	367	-	2,706
Investments	909	142,548	5,253	-
Property, Plant and Equipment, net	-	-	-	-
Other Long-Term Assets	7,432	145,974	-	194
Amount Available in Debt Service Fund	-	-	-	-
Amount To Be Provided For Retirement Of				
Long-Term Obligations: From State Sources	-	-	-	-
From Federal Revenues	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$2,235,423</b>	<b>\$1,848,164</b>	<b>\$ 5,742</b>	<b>\$442,760</b>
<b>LIABILITIES:</b>				
Tax Refunds Payable	\$ 419,920	\$ 510	\$ -	\$ -
Accounts Payable and Accrued Liabilities	361,833	122,071	-	36,695
TABOR Refund Liability (See Note II-D)	941,129	-	-	-
Due To Other Governments	95,153	68,582	-	739
Due To Other Funds	39,926	43,967	-	3,137
Deferred Revenue	79,236	30,184	-	348
Deposits Held In Custody For Others	11,131	25	-	-
Other Current Liabilities	29,699	13,287	-	113
Capital Lease Obligations	-	-	-	-
Notes and Bonds Payable	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Other Long-Term Liabilities	245	6	-	-
<b>TOTAL LIABILITIES</b>	<b>1,978,272</b>	<b>278,632</b>	<b>-</b>	<b>41,032</b>
<b>FUND EQUITY AND OTHER CREDITS:</b>				
Investment in Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balances:				
Reserved For:				
Encumbrances	10,041	701,149	-	132,013
Other Specific Purposes	383,472	453,831	5,742	2,826
Long-Term Assets and Long-Term Receivables	7,548	146,168	-	194
Statutorily Specified Amounts (See Note I-M)	-	-	-	-
Unreserved:				
Designated	-	-	-	262,428
Undesignated	(143,910)	268,384	-	4,267
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>257,151</b>	<b>1,569,532</b>	<b>5,742</b>	<b>401,728</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$2,235,423</b>	<b>\$1,848,164</b>	<b>\$ 5,742</b>	<b>\$442,760</b>

See accompanying notes to the financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			MEMORANDUM ONLY	
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
\$ 83,898	\$20,522	\$1,147,178	\$ -	\$ -	\$ 315,449	\$ 4,270,180	\$ 104,625
-	-	133,507	-	-	-	985,910	6,061
13,461	108	32,570	-	-	180,728	335,109	70,596
6,829	43	728	-	-	46,604	474,719	27,718
563	783	45,737	-	-	36,195	157,917	17,407
12,555	575	10	-	-	24,858	53,566	4,936
697	246	-	-	-	22,509	78,731	1,573
239	-	1,734,398	-	-	496,842	2,380,189	540,898
34,066	57,938	13,268	1,849,389	-	3,300,430	5,255,091	419,286
778	-	17,473	-	-	6,166	178,017	426,656
-	-	-	-	5,742	-	5,742	-
-	-	-	-	680,907	-	680,907	-
-	-	-	-	262,180	-	262,180	-
\$ 153,086	\$80,215	\$3,124,869	\$ 1,849,389	\$ 948,829	\$ 4,429,781	\$ 15,118,258	\$1,619,756
\$ -	\$ -	\$ 903	\$ -	\$ -	\$ -	\$ 421,333	\$ -
7,980	4,018	28,231	-	-	160,760	721,588	80,363
-	-	-	-	-	-	941,129	-
5,455	-	165,839	-	-	-	335,768	126,710
18,011	3,740	17,549	-	-	31,587	157,917	17,407
2,192	10,734	6,635	-	-	84,826	214,155	755
7	-	140,904	-	-	22,587	174,654	-
16,467	13,773	11,164	-	-	8,688	93,191	24,067
645	27,995	51	-	29,388	113,189	171,268	-
2,210	-	-	-	524,360	346,007	872,577	658,140
3,110	1,130	221	-	112,275	85,207	201,943	5,899
115	207	58,539	-	282,806	30,570	372,488	3,328
56,192	61,597	430,036	-	948,829	883,421	4,678,011	916,669
-	-	-	1,849,389	-	2,515,005	4,364,394	-
24,080	9,719	-	-	-	-	33,799	118,812
72,814	8,899	-	-	-	-	81,713	234,246
-	-	-	-	-	-	843,203	-
-	-	2,435,925	-	-	857,508	4,139,304	113,247
-	-	8,060	-	-	-	161,970	-
-	-	226,911	-	-	-	226,911	-
-	-	23,931	-	-	166,744	453,103	-
-	-	6	-	-	7,103	135,850	236,782
96,894	18,618	2,694,833	1,849,389	-	3,546,360	10,440,247	703,087
\$ 153,086	\$80,215	\$3,124,869	\$ 1,849,389	\$ 948,829	\$ 4,429,781	\$ 15,118,258	\$1,619,756

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
REVENUES:				
Taxes (See Note II-D)	\$5,098,543	\$ 819,897	\$ -	\$ -
Licenses, Permits, and Fines	147,251	331,394	-	145
Charges for Goods and Services	105,203	11,768	-	-
Investment Income	49,956	46,659	231	33,665
Federal Grants and Contracts	2,264,386	387,309	-	7,380
Other	132,079	45,056	800	2,677
<b>TOTAL REVENUES</b>	<b>7,797,418</b>	<b>1,642,083</b>	<b>1,031</b>	<b>43,867</b>
EXPENDITURES:				
Current:				
General Government	205,885	7,273	-	-
Business, Community and Consumer Affairs	204,537	19,488	-	-
Education	67,874	6,037	-	-
Health and Rehabilitation	425,693	7,682	-	-
Justice	719,198	52,015	-	-
Natural Resources	61,822	68,048	-	-
Social Assistance	2,152,077	-	-	-
Transportation	1,117	956,403	-	-
Capital Outlay	36,549	38,601	-	148,217
Intergovernmental:				
Cities	43,671	122,483	-	2,449
Counties	888,834	171,996	-	60
School Districts	2,256,795	454	-	-
Special Districts	57,058	14,659	-	442
Federal	2,669	541	-	274
Other	35,350	5,553	-	598
Deferred Compensation Distributions	-	-	-	-
Debt Service	78	-	5,356	-
<b>TOTAL EXPENDITURES</b>	<b>7,159,207</b>	<b>1,471,233</b>	<b>5,356</b>	<b>152,040</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>638,211</b>	<b>170,850</b>	<b>(4,325)</b>	<b>(108,173)</b>
OTHER FINANCING SOURCES (USES):				
Operating Transfer-In	152,822	63,637	5,356	211,727
Operating Transfer-Out	(883,398)	(81,908)	-	(274,649)
Proceeds of Bond Issuance	-	535,799	-	-
Capital Lease Proceeds	3,775	37	-	-
Advances from Private or Public Sources	-	-	-	267
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(726,801)</b>	<b>517,565</b>	<b>5,356</b>	<b>(62,655)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(88,590)</b>	<b>688,415</b>	<b>1,031</b>	<b>(170,828)</b>
FUND BALANCE, FISCAL YEAR BEGINNING	345,741	873,117	4,711	572,556
Prior Period Adjustment (See Note III-M)	-	8,000	-	-
<b>FUND BALANCE, FISCAL YEAR END</b>	<b>\$ 257,151</b>	<b>\$ 1,569,532</b>	<b>\$ 5,742</b>	<b>\$ 401,728</b>

See accompanying notes to the financial statements.

FIDUCIARY FUND TYPES	MEMORANDUM ONLY		
	TOTAL		
	EXPENDABLE TRUST	PRIMARY GOVERNMENT	COMPONENT UNITS
\$ 197,703	\$ 6,116,143	\$ -	
26,134	504,924	-	
1,086	118,057	-	
113,302	243,813	2,577	
13,991	2,673,066	-	
39,656	220,268	-	
391,872	9,876,271	2,577	
2,715	215,873	-	
166,708	390,733	-	
327	74,238	-	
393	433,768	-	
4,646	775,859	-	
172	130,042	-	
1	2,152,078	-	
-	957,520	-	
123	223,490	-	
23,871	192,474	-	
13,212	1,074,102	-	
195	2,257,444	-	
4,144	76,303	-	
2	3,486	-	
19,760	61,261	-	
16,749	16,749	-	
35	5,469	-	
253,053	9,040,889	-	
138,819	835,382	2,577	
35,890	469,432	-	
(48,964)	(1,288,919)	(2,598)	
-	535,799	-	
-	3,812	-	
-	267	-	
(13,074)	(279,609)	(2,598)	
125,745	555,773	(21)	
1,163,103	2,959,228	42,630	
-	8,000	-	
\$ 1,288,848	\$ 3,523,001	\$ 42,609	

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUNDED  
FOR THE YEAR ENDED JUNE 30, 2000**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			\$1,774,869	
Income Taxes			4,007,436	
Other Taxes			195,883	
Federal Grants and Contracts			383	
Sales and Services			1,056	
Interest Earnings			79,322	
Medicaid Provider Revenues			7,131	
Other Revenues			45,151	
Transfers-In			214,524	
TOTAL REVENUES AND TRANSFERS-IN			6,325,755	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	\$ 8,305	\$ 8,462	8,201	\$ 261
Corrections	378,367	383,274	381,669	1,605
Education	2,040,800	2,041,216	2,038,082	3,134
Governor	4,818	8,622	7,843	779
Health Care Policy and Financing	904,124	929,723	952,928	(23,205)
Higher Education	715,748	716,297	715,749	548
Human Services	460,458	452,795	448,973	3,822
Judicial Branch	196,960	197,226	194,442	2,784
Law	9,724	11,532	9,949	1,583
Legislative Branch	26,929	27,596	25,442	2,154
Local Affairs	38,355	40,864	37,747	3,117
Military Affairs	4,110	4,119	3,800	319
Natural Resources	29,538	29,133	28,725	408
Personnel	16,020	16,126	14,978	1,148
Public Health and Environment	23,829	23,762	23,731	31
Public Safety	49,793	49,799	49,484	315
Regulatory Agencies	1,927	1,927	1,919	8
Revenue	169,531	168,959	166,580	2,379
Transportation	302	302	203	99
Treasury	30,905	30,983	30,953	30
Fiscal Year 1998-99 TABOR Refund (Notes II-A, II-D)	686,300	679,634	679,634	-
SUB-TOTAL OPERATING BUDGETS	5,796,843	5,822,351	5,821,032	1,319

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS  
BUDGET AND ACTUAL - GENERAL FUNDED  
FOR THE YEAR ENDED JUNE 30, 2000 (Continued)**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	3,825	3,499	919	2,580
Corrections	12,175	133,348	77,729	55,619
Education	666	10,203	2,804	7,399
Governor	-	11,380	6,471	4,909
Health Care Policy and Financing	-	8,517	36	8,481
Higher Education	159,711	347,201	184,898	162,303
Human Services	18,828	67,679	28,352	39,327
Judicial Branch	871	597	25	572
Law	98	98	9	89
Legislative Branch	-	346	346	-
Local Affairs	1,547	3,176	132	3,044
Military Affairs	784	2,470	545	1,925
Natural Resources	1,686	-	-	-
Personnel	46,297	64,281	35,199	29,082
Public Health and Environment	3,000	8,210	2,767	5,443
Public Safety	9,040	14,672	4,770	9,902
Regulatory Agencies	-	4	4	-
Revenue	-	6,017	1,179	4,838
Transportation	53,858	91,418	44,785	46,633
Budgets/Transfers Not Booked by Department	175,492	175,492	175,492	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	487,878	948,608	566,462	382,146
TOTAL EXPENDITURES AND TRANSFERS-OUT	\$6,284,721	\$6,770,959	6,387,494	\$ 383,465
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			<u>\$ (61,739)</u>	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - CASH FUNDED  
FOR THE YEAR ENDED JUNE 30, 2000**

(DOLLARS IN THOUSANDS)				
	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			\$ 719,909	
Other Taxes			417,354	
Tuition and Fees			520,075	
Sales and Services			837,781	
Interest Earnings			204,729	
Other Revenues			1,338,784	
Transfers-In			3,789,765	
<b>TOTAL REVENUES AND TRANSFERS-IN</b>			<b>7,828,397</b>	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	\$ 19,230	\$ 19,249	17,820	\$ 1,429
Corrections	50,228	48,059	42,309	5,750
Education	1,965,253	1,946,205	1,938,539	7,666
Governor	10,170	11,133	6,446	4,687
Health Care Policy and Financing	87,280	100,505	100,722	(217)
Higher Education	1,399,065	1,399,250	1,326,083	73,167
Human Services	672,535	263,248	235,120	28,128
Judicial Branch	42,910	44,029	41,472	2,557
Labor and Employment	221,153	221,226	215,509	5,717
Law	21,034	21,365	19,353	2,012
Legislative Branch	2,724	4,849	2,020	2,829
Local Affairs	108,948	124,124	72,081	52,043
Military Affairs	810	810	755	55
Natural Resources	247,071	243,283	152,265	91,018
Personnel	285,287	280,992	261,008	19,984
Public Health and Environment	56,795	57,224	51,072	6,152
Public Safety	79,770	80,032	77,542	2,490
Regulatory Agencies	63,573	63,576	59,224	4,352
Revenue	520,818	529,031	484,068	44,963
State	8,531	14,931	14,440	491
Transportation	131,140	163,666	48,740	114,926
Treasury	998,003	998,283	982,856	15,427
<b>SUB-TOTAL OPERATING BUDGETS</b>	<b>6,992,328</b>	<b>6,635,070</b>	<b>6,149,444</b>	<b>485,626</b>
Capital and Multi-Year Budgets:				
Departmental:				
Corrections	1,707	3,257	1,972	1,285
Governor	-	7,515	229	7,286
Health Care Policy and Financing	-	96	2	94
Higher Education	28,628	62,053	29,499	32,554
Human Services	-	9,452	384	9,068
Labor and Employment	25,252	42,494	16,201	26,293
Law	338	338	5	333
Local Affairs	1,629	-	-	-
Military Affairs	50	134	87	47
Natural Resources	144,095	174,529	38,590	135,939
Personnel	29,358	31,293	9,054	22,239
Public Health and Environment	3,875	17,051	3,340	13,711
Public Safety	1,664	13	13	-
Regulatory Agencies	1,901	581	572	9
Revenue	2,180	2,343	643	1,700
Transportation	1,012,036	1,019,660	594,966	424,694
Budgets/Transfers Not Booked by Department	946	946	946	-
<b>SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS</b>	<b>1,253,659</b>	<b>1,371,755</b>	<b>696,503</b>	<b>675,252</b>
<b>TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT</b>	<b>\$8,245,987</b>	<b>\$8,006,825</b>	<b>6,845,947</b>	<b>\$1,160,878</b>
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			<u>\$ 982,450</u>	

See accompanying notes to the financial statements.



**COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES,  
AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS  
BUDGET AND ACTUAL - FEDERALLY FUNDED  
FOR THE YEAR ENDED JUNE 30, 2000**

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			\$2,747,995	
TOTAL REVENUES AND TRANSFERS-IN			2,747,995	
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	\$ 442	\$ 1,096	571	\$ 525
Corrections	4,990	8,231	6,892	1,339
Education	245,075	331,085	245,175	85,910
Governor	13,416	39,894	21,089	18,805
Health Care Policy and Financing	972,230	1,040,309	1,037,881	2,428
Higher Education	8,188	61,239	47,046	14,193
Human Services	447,846	778,517	606,660	171,857
Judicial Branch	1,338	5,736	3,906	1,830
Labor and Employment	87,881	128,363	86,352	42,011
Law	726	821	689	132
Local Affairs	38,151	97,037	44,294	52,743
Military Affairs	121,150	11,822	5,880	5,942
Natural Resources	14,111	38,225	22,647	15,578
Personnel	52	106	61	45
Public Health and Environment	161,414	197,800	164,329	33,471
Public Safety	21,451	67,218	29,665	37,553
Regulatory Agencies	790	2,084	1,549	535
Revenue	835	2,391	1,243	1,148
Transportation	285,322	828,197	375,901	452,296
Treasury	-	55,136	46,097	9,039
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,425,408	3,695,307	2,747,927	947,380
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	\$2,425,408	\$3,695,307	2,747,927	\$ 947,380
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			\$ 68	

See accompanying notes to the financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
OPERATING REVENUES:		
Licenses and Permits	\$ 47	\$ -
Charges for Goods and Services	438,535	189,974
Investment and Rental Income	3,452	7,216
Federal Grants and Contracts	50,219	-
Other	475	66
<b>TOTAL OPERATING REVENUES</b>	<b>492,728</b>	<b>197,256</b>
OPERATING EXPENSES:		
Salaries & Fringe Benefits	46,839	19,433
Operating and Travel	95,926	158,014
Cost of Goods Sold	33,293	4,660
Depreciation	3,975	14,501
Intergovernmental Distributions	1,706	-
Prizes and Awards	224,173	-
Other	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>405,912</b>	<b>196,608</b>
<b>OPERATING INCOME (LOSS)</b>	<b>86,816</b>	<b>648</b>
NON-OPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines and Settlements	1	624
Interest and Rents	2,899	713
Grants and Donations	786	-
Intergovernmental Distributions	(43,488)	-
Federal Grants and Contracts	676	-
State Funds	-	-
Debt Service	(222)	(1,859)
Other	-	-
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(39,348)</b>	<b>(522)</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>47,468</b>	<b>126</b>
OPERATING TRANSFERS:		
Operating Transfer-In	322	332
Operating Transfer-Out	(48,192)	(3,434)
<b>TOTAL OPERATING TRANSFERS</b>	<b>(47,870)</b>	<b>(3,102)</b>
<b>NET INCOME/CHANGE IN RETAINED EARNINGS</b>	<b>(402)</b>	<b>(2,976)</b>
FUND EQUITY, FISCAL YEAR BEGINNING	97,277	20,737
Additions (Deductions) to Contributed Capital (See Note III-N)	19	305
Prior Period/Other Adjustments	-	552
<b>FUND EQUITY, FISCAL YEAR END</b>	<b>\$ 96,894</b>	<b>\$ 18,618</b>

See accompanying notes to the financial statements.

FIDUCIARY FUND TYPES	MEMORANDUM ONLY	
	TOTAL	
NONEXPENDABLE TRUST	PRIMARY GOVERNMENT	COMPONENT UNITS
\$ -	\$ 47	\$ -
-	628,509	262,231
19,939	30,607	21,873
-	50,219	-
89	630	19,088
20,028	710,012	303,192
-	66,272	116,460
-	253,940	109,702
-	37,953	58,301
-	18,476	23,752
-	1,706	-
-	224,173	-
-	-	7,778
-	602,520	315,993
20,028	107,492	(12,801)
-	-	33,716
48,838	49,463	-
-	3,612	17,121
14	800	(2,400)
-	(43,488)	-
-	676	-
-	-	2,045
-	(2,081)	(5,954)
-	-	(1,124)
48,852	8,982	43,404
68,880	116,474	30,603
989	1,643	2,597
(25,243)	(76,869)	-
(24,254)	(75,226)	2,597
44,626	41,248	33,200
578,205	696,219	505,017
-	324	51,623
-	552	-
\$622,831	\$738,343	\$589,840

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2000**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	<b>PROPRIETARY FUND TYPES</b>	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Fees for Service	\$ 36,763	\$ 147,869
Sales of Products	409,394	43,735
Grants and Contracts	45,646	7
Other Sources	6,717	1,748
Cash Payments to:		
Employees	(41,881)	(16,931)
Suppliers	(70,352)	(55,361)
Lottery Prizes and Sales Commissions	(254,520)	-
Health Claims and Premiums	-	(123,039)
Financial Institutions for Loan Losses	(25,814)	-
Other Governments	(7,819)	-
Other	(7,400)	(434)
Component Unit Cash Flows from Operating Activities	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	90,734	(2,406)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	322	332
Transfers-Out	(48,192)	(3,434)
Intergovernmental Distributions	(43,499)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(91,369)	(3,102)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(3,854)	(2,636)
Proceeds from Sale of Capital Assets	612	3,618
Income from Property	710	5,801
Proceeds from Issuance of Capital Debt	-	-
Principal Paid on Capital Debt	(445)	-
Interest Payments	(242)	(259)
Capital Lease Payments	(616)	(14,530)
Taxes	-	-
Bond Defeasance and Refunding	-	-
Received from Borrowers	-	-
Disbursements to Borrowers	-	-
Capitalization Grants Received	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(3,835)	(8,006)

(Continued)

FIDUCIARY FUND TYPES	MEMORANDUM ONLY	
	TOTAL	
NONEXPENDABLE TRUST	PRIMARY GOVERNMENT	COMPONENT UNITS
\$ (38)	\$ 184,594	\$ -
-	453,129	-
-	45,653	-
50,051	58,516	-
-	(58,812)	-
(235)	(125,948)	-
-	(254,520)	-
-	(123,039)	-
-	(25,814)	-
-	(7,819)	-
(600)	(8,434)	-
-	-	25,919
49,178	137,506	25,919
989	1,643	11,371
(21,122)	(72,748)	(4,029)
-	(43,499)	-
(20,133)	(114,604)	7,342
-	(6,490)	(93,230)
1,340	5,570	-
10,134	16,645	-
-	-	85,632
-	(445)	(29,255)
-	(501)	(10,691)
-	(15,146)	(6)
-	-	33,096
-	-	(13,979)
-	-	15,615
-	-	(97,233)
-	-	25,968
11,474	(367)	(84,083)

**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2000**  
**AND DISCRETELY PRESENTED COMPONENT UNITS (Continued)**

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	5,126	1,441
Proceeds from Sales of Investments	4	-
Purchases of Investments	-	-
Net (Increase)Decrease in Investments	-	-
NET CASH FROM INVESTING ACTIVITIES	5,130	1,441
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	660	(12,073)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	83,238	32,595
CASH AND POOLED CASH, FISCAL YEAR END	83,898	20,522
RECONCILIATION TO THE COMBINED BALANCE SHEET		
Add: Expendable Trust Funds	-	-
Investment and Pension Trust Funds	-	-
Agency Funds	-	-
CASH AND POOLED CASH, FISCAL YEAR END	\$ 83,898	\$ 20,522
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 86,816	\$ 648
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	3,975	14,501
Investment/Rental Income and Other Revenue in Operating Income	(3,220)	(7,214)
Fines, Donations, and Grants and Contracts in NonOperating	1,464	624
Loss on Disposal of Fixed Assets	143	-
Compensated Absences	130	11
Interest and Other Expense in Operating Income	183	148
Provision for Bad Debts	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	7,533	1,631
(Increase) Decrease in Inventories	(365)	86
(Increase) Decrease in Other Operating Assets	(138)	(79)
Increase (Decrease) in Accounts Payable	(5,381)	(1,950)
Increase (Decrease) in Other Operating Liabilities	(406)	(10,812)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 90,734	\$ (2,406)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):		
Fixed Assets Transferred from General Fixed Asset Group of Accounts	19	857
Loss on Disposal of Fixed Assets	196	-
Assumption of Capital Lease Obligation	2	14,354

See accompanying notes to the financial statements.

<b>FIDUCIARY FUND TYPES</b>	<b>MEMORANDUM ONLY TOTAL</b>	
<b>NONEXPENDABLE TRUST</b>	<b>PRIMARY GOVERNMENT</b>	<b>COMPONENT UNITS</b>
7,022	13,589	16,136
82,279	82,283	344,592
(160,194)	(160,194)	(331,757)
-	-	7,378
(70,893)	(64,322)	36,349
(30,374)	(41,787)	(14,473)
61,221	177,054	76,698
30,847	135,267	62,225
873,423	873,423	42,400
27,720	27,720	-
215,188	215,188	-
\$ 1,147,178	\$ 1,251,598	\$ 104,625

\$ 20,028	\$ 107,492	\$ (10,903)
-	18,476	24,204
(19,938)	(30,372)	(946)
48,852	50,940	-
-	143	-
-	141	-
-	331	7,325
-	-	12,280
(66)	9,098	(32,292)
-	(279)	(724)
156	(61)	5,482
3,886	(3,445)	20,200
381	(10,837)	1,293
\$ 49,178	\$ 137,506	\$ 25,919

-	876	-
-	196	-
-	14,356	-

**STATEMENT OF NET ASSETS**  
**ALL PENSION AND INVESTMENT TRUST FUNDS**  
**AT JUNE 30, 2000**  
**AND DISCRETELY PRESENTED COMPONENT UNITS**

	<b>PRIMARY</b>		<b>COMPONENT</b>
	<b>GOVERNMENT</b>		<b>UNITS</b>
	<b>INVESTMENT TRUST</b>	<b>PENSION TRUST</b>	<b>PENSION TRUST</b>
	<b>COLORADO COMPENSATION INSURANCE AUTHORITY</b>	<b>DEFINED CONTRIBUTION PLAN</b>	<b>UNIVERSITY OF COLORADO HOSPITAL AUTHORITY</b>
ASSETS:			
Cash and Pooled Cash	\$ 27,714	\$ 6	\$ -
Other Receivables, net	11,249	-	-
Investments	742,387	1,798	-
Externally Restricted Under Pension Plan	-	-	70,638
<b>TOTAL ASSETS</b>	<b>781,350</b>	<b>1,804</b>	<b>70,638</b>
LIABILITIES:			
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>
NET ASSETS:			
Held in Trust for Pension Plan Participants	-	1,798	70,638
Held in Trust for Investment Trust Participants	781,350	-	-
Unreserved	-	6	-
<b>TOTAL NET ASSETS HELD IN TRUST FOR PARTICIPANTS</b>	<b>\$ 781,350</b>	<b>\$ 1,804</b>	<b>\$ 70,638</b>

See accompanying notes to the financial statements.

The Investment Trust and Pension Trust Fund balances of the Primary Government shown above are included in the Trust and Agency Fund Type balances shown on the *Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units*. The Pension Trust Fund balances of the University of Colorado Hospital Authority shown above are included in the Component Units column of the *Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units*.



**STATEMENT OF CHANGES IN NET ASSETS  
ALL PENSION AND INVESTMENT TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000  
AND DISCRETELY PRESENTED COMPONENT UNITS**

(DOLLARS IN THOUSANDS)

	<b>PRIMARY GOVERNMENT</b>		<b>COMPONENT UNITS</b>
	<b>INVESTMENT TRUST</b>	<b>PENSION TRUST</b>	<b>PENSION TRUST</b>
	<b>COLORADO COMPENSATION INSURANCE AUTHORITY</b>	<b>DEFINED CONTRIBUTION PLAN</b>	<b>UNIVERSITY OF COLORADO HOSPITAL AUTHORITY</b>
ADDITIONS:			
Additions By Participants	\$ 434,592	\$ 1,299	\$ 4,981
Investment Income	31,833	125	2,525
Employee Deferral Fees	-	27	-
<b>TOTAL ADDITIONS</b>	<b>466,425</b>	<b>1,451</b>	<b>7,506</b>
DEDUCTIONS:			
Deductions By Participants	347,180	25	1,942
Administrative Expense	-	-	487
Other Deductions	-	21	-
<b>TOTAL DEDUCTIONS</b>	<b>347,180</b>	<b>46</b>	<b>2,429</b>
<b>NET INCREASE (DECREASE) IN ASSETS</b>	<b>119,245</b>	<b>1,405</b>	<b>5,077</b>
NET ASSETS AVAILABLE			
Beginning of the Year	662,105	399	65,561
End of the Year	<u>\$ 781,350</u>	<u>\$ 1,804</u>	<u>\$ 70,638</u>

See accompanying notes to the financial statements.

**COMBINED BALANCE SHEET  
ALL COLLEGE AND UNIVERSITY FUNDS  
AT JUNE 30, 2000**

(DOLLARS IN THOUSANDS)	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED	RESTRICTED		
ASSETS:				
Cash and Pooled Cash	\$ 157,023	\$ 6,731	\$ 4,058	\$ 8,605
Accounts Receivable:				
Tuition, Fees, Charges for Services, net	61,939	25,689	129	9
Intergovernmental	480	45,417	207	-
Other	2,593	36	196	5
Subtotal Accounts Receivable	65,012	71,142	532	14
Loans and Notes Receivable, net	1,013	-	84,462	-
Due From Other Funds	22,655	5,188	-	153
Inventories	24,858	-	-	-
Other Current Assets	20,139	1,071	26	-
Investments	199,526	33,248	5,520	91,382
Plant Facilities:				
Land and Improvements	-	-	-	4,323
Buildings and Improvements, net	-	-	-	-
Leasehold Improvements, net	-	-	-	-
Construction in Progress	-	-	-	-
Equipment, net	-	-	-	-
Library Books	-	-	-	-
Other Fixed Assets	-	-	-	-
Subtotal Plant Facilities	-	-	-	4,323
Other Long-Term Assets	4,597	1	-	-
TOTAL ASSETS	\$494,823	\$117,381	\$94,598	\$ 104,477
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 100,900	\$ 29,610	\$ 40	\$ -
Due To Other Funds	11,682	7,828	-	1,730
Deferred Revenue	78,303	6,143	-	-
Other Current Liabilities	15,165	1,143	1,522	68
Capital Lease Obligations	-	-	-	-
Notes and Bonds Payable	35	28	-	-
Accrued Compensated Absences	84,927	280	-	-
Other Long-Term Liabilities	29,964	-	200	-
TOTAL LIABILITIES	320,976	45,032	1,762	1,798
FUND BALANCE:				
Investment in Fixed Assets	-	-	-	-
Restricted	-	72,349	92,836	102,679
Unrestricted:				
Designated	166,744	-	-	-
Undesignated	7,103	-	-	-
TOTAL FUND BALANCE	173,847	72,349	92,836	102,679
TOTAL LIABILITIES AND FUND BALANCE	\$494,823	\$117,381	\$94,598	\$ 104,477

See accompanying notes to the financial statements.

PLANT FUNDS			AGENCY FUNDS	MEMORANDUM ONLY
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT		TOTALS
\$ 125,486	\$ 5,160	\$ -	\$ 8,386	\$ 315,449
2,515	-	-	918	91,199
293	87	-	120	46,604
223	101	-	-	3,154
3,031	188	-	1,038	140,957
900	-	-	-	86,375
7,323	554	-	322	36,195
-	-	-	-	24,858
1,189	-	-	84	22,509
148,615	13,798	-	4,753	496,842
-	-	208,155	-	212,478
-	-	1,836,291	-	1,836,291
-	-	19,749	-	19,749
381,706	-	-	-	381,706
-	-	563,909	-	563,909
-	-	285,309	-	285,309
-	-	988	-	988
381,706	-	2,914,401	-	3,300,430
301	-	1,267	-	6,166
\$ 668,551	\$ 19,700	\$ 2,915,668	\$ 14,583	\$ 4,429,781
\$ 22,484	\$ 3,402	\$ 4	\$ 4,320	\$ 160,760
1,515	-	8,505	327	31,587
231	-	148	1	84,826
9	254	3,179	9,935	31,275
4,026	213	108,950	-	113,189
65,095	1,056	279,793	-	346,007
-	-	-	-	85,207
62	260	84	-	30,570
93,422	5,185	400,663	14,583	883,421
-	-	2,515,005	-	2,515,005
575,129	14,515	-	-	857,508
-	-	-	-	166,744
-	-	-	-	7,103
575,129	14,515	2,515,005	-	3,546,360
\$ 668,551	\$ 19,700	\$ 2,915,668	\$ 14,583	\$ 4,429,781

**COMBINED STATEMENT OF CHANGES IN FUND BALANCE  
ALL COLLEGE AND UNIVERSITY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000**

(DOLLARS IN THOUSANDS)	CURRENT FUNDS		LOAN FUNDS	ENDOWMENT FUNDS
	UNRESTRICTED	RESTRICTED		
REVENUES AND OTHER ADDITIONS:				
Tuition and Fees	\$ 653,278	\$ -	\$ -	\$ -
Federal Grants and Contracts	9,367	727,993	1,212	-
State and Local Grants and Contracts	629	41,245	-	-
Private Gifts, Grants, and Contracts	1,291	145,482	43	1,160
Indirect Cost Recoveries	102,826	-	-	-
Investment Income	23,640	5,900	434	10,505
Sales and Services of Educational Activities	102,999	67	-	-
Sales and Services of Auxiliaries and Hospitals	302,968	-	-	-
Interest on Loans Receivable	-	-	2,036	-
Retirement of Indebtedness	-	-	-	-
Additions to Plant Facilities	-	-	-	-
Other Revenues and Additions	52,843	597	837	2,236
<b>TOTAL REVENUES AND OTHER ADDITIONS</b>	<b>1,249,841</b>	<b>921,284</b>	<b>4,562</b>	<b>13,901</b>
EXPENDITURES AND OTHER DEDUCTIONS:				
Educational and General:				
Instructional	743,139	113,641	-	-
Research	35,833	378,640	-	-
Public Service	52,786	43,182	-	-
Academic Support	170,465	12,481	-	-
Student Services	129,411	12,381	-	-
Institutional Support	157,615	9,301	-	-
Operation of Plant	137,739	1,751	-	-
Scholarships and Fellowships	39,030	296,649	-	-
Subtotal Educational and General	1,466,018	868,026	-	-
Auxiliaries and Hospitals	292,684	6,575	2	-
Indirect Cost Charges	563	101,951	312	-
Loan Cancellation and Write-off	-	-	1,170	-
Expended for Plant Facilities	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Interest on Indebtedness	-	-	-	-
Disposal of Plant Facilities	-	-	-	-
Other Expenditures and Deductions	49	4	909	459
<b>TOTAL EXPENDITURES AND OTHER DEDUCTIONS</b>	<b>1,759,314</b>	<b>976,556</b>	<b>2,393</b>	<b>459</b>
TRANSFERS BETWEEN FUNDS - ADDITIONS (DEDUCTIONS):				
Mandatory Transfers In (Out)	(49,445)	(63)	291	12
Nonmandatory Transfers In (Out)	(69,438)	(12,228)	19	4,360
Net Operating Transfers From State Funds	639,905	65,537	-	174
<b>TOTAL EXPENDITURES, DEDUCTIONS AND TRANSFERS</b>	<b>1,238,292</b>	<b>923,310</b>	<b>2,083</b>	<b>(4,087)</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>11,549</b>	<b>(2,026)</b>	<b>2,479</b>	<b>17,988</b>
FUND BALANCE, JULY 1	160,537	74,374	89,524	84,691
Addition of Northwestern Community College	1,761	1	833	-
<b>FUND BALANCE, JUNE 30</b>	<b>\$ 173,847</b>	<b>\$ 72,349</b>	<b>\$ 92,836</b>	<b>\$ 102,679</b>

See accompanying notes to the financial statements.

PLANT FUNDS			MEMORANDUM
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	ONLY TOTALS
\$ -	\$ -	\$ -	\$ 653,278
248	168	-	738,988
-	-	-	41,874
7,197	849	2,742	158,764
-	-	-	102,826
13,125	1,107	-	54,711
-	-	-	103,066
-	-	-	302,968
-	-	-	2,036
3,457	-	25,643	29,100
202	-	240,697	240,899
43,561	-	29,528	129,602
67,790	2,124	298,610	2,558,112
-	-	-	856,780
-	-	-	414,473
-	-	-	95,968
-	-	-	182,946
-	-	-	141,792
-	-	-	166,916
-	-	-	139,490
-	-	-	335,679
-	-	-	2,334,044
-	-	-	299,261
-	-	-	102,826
-	-	-	1,170
167,396	-	-	167,396
400	28,908	-	29,308
1,223	22,616	28	23,867
-	-	72,565	72,565
22,789	377	17,648	42,235
191,808	51,901	90,241	3,072,672
9,317	46,963	(7,075)	-
102,788	1,868	(27,369)	-
189,097	-	-	894,713
(109,394)	3,070	124,685	2,177,959
177,184	(946)	173,925	380,153
397,945	15,461	2,319,072	3,141,604
-	-	22,008	24,603
\$575,129	\$14,515	\$2,515,005	\$3,546,360

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosed amount of contingent liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### A. REPORTING ENTITY

For financial reporting purposes, the State of Colorado's primary government includes all funds and account groups of the state, its departments, agencies, and state funded institutions of higher education that make up the state's legal entity. The state's reporting entity also includes those component units, which are legally separate entities, for which the state's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity. The state is financially accountable for those entities for which the state appoints a voting majority of the governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state. For those entities that the state does not appoint a voting majority of the governing board, GASB Statement No. 14 includes them in the reporting entity if they are fiscally dependent. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

Discretely presented in the combined financial statements for the state are the following entities:

- Denver Metropolitan Major League Baseball Stadium District
- University of Colorado Hospital Authority
- Colorado Water Resources and Power Development Authority
- Colorado Uninsurable Health Insurance Plan

With the exception of the University of Colorado Hospital Authority, the majority of each governing board for these entities is appointed by the Governor and confirmed by the Senate. The Board of Regents of the University of Colorado appoints the board of the University of Colorado Hospital Authority.

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan are included because they present a financial burden on the state. The Baseball Stadium District is included because its board serves at the pleasure of the Governor, and therefore, the state is able to impose its will upon the entity. The Water Resources and Power Development Authority is included because the state is able to impose its will upon the authority. Detailed financial information may be obtained directly from these organizations.

The following related organizations, for which the state appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14:

- Colorado Compensation Insurance Authority (D.B.A. Pinnacol Assurance)
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Facilities Authority
- Colorado Student Obligation Bond Authority
- Colorado Agricultural Development Authority
- Colorado Housing and Finance Authority
- Colorado Sheep and Wool Authority
- Colorado Beef Council Authority
- Fire and Police Benefit Association
- The State Board of the Great Outdoors
- Colorado Trust Fund

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the state does not impose its will, nor does it have a financial benefit or burden relationship with these entities. Detailed financial information may be obtained directly from these organizations.

Various college and university foundations exist for the benefit of the related state higher education institutions. These entities are included in the various note disclosures if they qualify as related parties or omitting them would be misleading.

The state has entered a joint operating agreement with the Huerfano County Hospital District to provide patient care at the Colorado State Veterans Nursing Home at Walsenburg. The facility is owned by the state but is operated by the hospital district under a twenty year contract that is renewable at the district's option for successive ten year terms up to 99 years from the original commencement date in November 1993.

The state's contract with the district states that the district is responsible for funding the operating deficits of the nursing home; however, since the state owns the nursing home, it retains ultimate financial responsibility for the home. Only the state's share of assets, liabilities, revenues and expenses associated with the joint operation are shown in these financial statements. These include the land, building, and some of the equipment for the nursing home as well as revenues and expenses associated with the state's on-site contract administrator. The state's pass-through of U.S. Veterans Administration's funds to the district is also shown as revenue and expense of the state.

## B. FUND STRUCTURE

### Primary Government

The financial activities of the state are organized on the basis of individual funds and account groups. Each fund is a separate accounting entity, in which the operations are recorded in discrete sets of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures, or expenses, of that entity. For financial statement presentation, similar funds have been combined into fund types and categories.

### GOVERNMENTAL FUNDS

#### General Fund

Transactions related to resources obtained and used for those services traditionally provided by state government, which are not accounted for in other funds, are accounted for in the General Fund. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

#### Special Revenue Funds

Transactions related to resources obtained from specific sources, and restricted to specific purposes are accounted for in the special revenue funds. The individual funds include the Highway Fund, the Wildlife Fund, the Labor Fund, the Gaming Fund, the Water Projects Construction Fund, and the Tobacco Litigation Settlement Fund.

#### Debt Service Fund

This fund accounts for the accumulation of resources, principally transfers from other funds, for the payment of long-term debt principal and interest. The primary debt serviced by this fund consists of certain long-term lease purchase agreements and notes issued by the Department of Transportation to fund infrastructure.

#### Capital Projects Fund

Transactions related to resources obtained and used for acquisition, construction, or improvement of state owned facilities and certain equipment are accounted for in the capital projects fund.

### PROPRIETARY FUNDS

#### Enterprise Funds

These funds account for activities that are financed and operated in a manner much like private business enterprises. Costs of providing goods and services to the public, including depreciation, are recovered primarily through user charges.

#### Internal Service Funds

These funds account for the operations that provide goods or services on a cost-reimbursement basis to state agencies.

### FIDUCIARY FUND TYPES

#### Trust and Agency Funds

These funds account for assets held by the state in a trustee capacity or as an agent for other organizations or individuals. They include agency funds, expendable and nonexpendable trust funds, investment trust funds, and pension trust funds.

Agency funds are used to account for assets held for other funds, governments, or individuals. They are custodial in nature and do not involve the measurement of operations.

The expendable trust fund classification is used when both the principal and revenue earned may be expended for purposes designated by the trust agreement.

Nonexpendable trust funds require that the principal of the fund remains intact while only the earnings of the fund are expendable.

Individual investment trust funds are used to account for investments that are not in the treasurer's investment pool but are managed by the state treasurer for external entities.

A pension trust fund is used to account for the assets and liabilities arising from the contributions and benefits payable to participants in one of the state's pension plans. Participation in this plan is limited to select employees – primarily legislators. Most state employees are covered by another plan operated by the Public Employees Retirement Association. (See Note V).

## ACCOUNT GROUPS

### General Fixed Assets Account Group

Land, buildings, equipment and other capital assets, of the governmental fund types are accounted for in this group. Capital assets of the proprietary, trust, and the college and university funds are recorded in their respective funds and may be depreciated there. Infrastructure is not recorded in the state's accounting system or financial statements.

### General Long-term Debt Account Group

This group accounts for long-term liabilities of the governmental type funds, such as general liability, lease purchase obligations, employee leave obligations, notes, and employee workers' compensation claims. It also accounts for short-term risk management liabilities for which expendable financial resources are not available. Long-term obligations of the proprietary funds, trust funds, and the college and universities are accounted for in their respective funds.

## COLLEGE AND UNIVERSITY FUNDS

These funds account for the operations of the state-supported system of higher education. The College and University Funds consist of the following funds:

Current Funds Unrestricted account for economic resources which are expendable for any purpose in accomplishing the institutions' primary objectives.

Current Funds Restricted account for resources received from donors or other outside agencies, primarily the federal government, that are restricted for specific purposes.

Loan Funds account for resources available for student loans.

Endowment Funds account for resources contributed by donors. While the principal portion of the contribution must remain intact, earnings may be added to the principal or expended for restricted or unrestricted purposes.

Plant Funds account for resources available, acquisition costs, debt service requirements, and liabilities related to acquiring or repairing institutional properties.

Agency Funds account for resources held by the institution, acting in the capacity as agent, for distribution to designated beneficiaries.

## Component Units

The Denver Metropolitan Major League Baseball Stadium District uses proprietary fund accounting in preparation of its financial statements. The Colorado Uninsurable Health Insurance Plan (CUHIP) uses practices prescribed or permitted by the state's Division of Insurance. However, CUHIP's financial statements have been recast to conform to generally accepted accounting principles for presentation in these financial statements. The financial information for both entities is presented as of December 31, 1999.

The Colorado Water Resources and Power Development Authority uses proprietary fund accounting for its operations except for its expendable trust fund, which uses governmental fund accounting, and its agency fund, which records assets and liabilities on the modified accrual basis. The expendable trust fund accounts for assets held in a trustee capacity for Animas – LaPlata dam project in southwest Colorado. The agency fund accounts for unspent bond proceeds held in trustee capacity for local governments. The Authority's financial information is presented as of December 31, 1999.

The University of Colorado Hospital Authority uses proprietary fund accounting for their operations. The financial statements for the Hospital Authority's noncontributory defined benefit pension plan are prepared under the accrual basis of accounting. Financial information for the Hospital Authority is presented as of June 30, 2000.

## C. BASIS OF ACCOUNTING

### Primary Government

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. Nonexpendable trust funds and proprietary funds are accounted for on a flow of economic resources measurement focus.

Governmental fund types, expendable trust funds, and agency funds are reported on the modified accrual basis. This basis of accounting recognizes revenues when they are measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end.

Historical data, adjusted for economic trends, is used in the estimation of the following accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due by June 30.



- Net income taxes from individuals, corporations, and trusts are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate the taxpayer's current income. The revenue is accrued net of an allowance for uncollectable taxes.

In Fiscal Year 1999-00 the state implemented the requirements of GASB Statement No. 33 – Accounting and Financial Reporting for Nonexchange Transactions. The state was largely in compliance with the requirements before implementation, and therefore, the effect was not material and no prior period adjustment resulted. Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met.

Expenditures are recognized during the period in which the fund liability is incurred, except for accumulated employee leave time, principal and interest on long-term debt, which is recorded when due, risk management liabilities in excess of the available current financial resources appropriated for that purpose, and inventories which are generally considered expenditures when consumed.

Special reporting treatment at year-end is accorded to encumbrances. In the General Fund, a reserve for encumbrances is recorded at year-end for the appropriation that will be rolled-forward to cover encumbrances. In the Capital Projects Fund and the Highway Fund, a reserve for encumbrances is established for the contracted legal obligations of the funds.

Proprietary fund types, and nonexpendable, investment and pension trust funds are reported on the full accrual basis. Using this basis, revenues are recognized when earned, and expenses, including depreciation, are recognized when the economic benefit of an asset is consumed or a liability is incurred.

College and university funds are reported on the accrual basis, except for depreciation related to plant fund assets which is generally not recorded, and revenues and expenditures related to summer school programs which are recorded primarily in the subsequent fiscal year in accordance with the National Association of College and University Business Officer's College and University Business Administration.

The state has determined that proprietary and non-expendable trust funds will apply all applicable GASB pronouncements, regardless of issue date, as well as the following pronouncements issued on or before November 10, 1989: FASB Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with, or contradict, GASB pronouncements.

## Component Units

The University of Colorado Hospital Authority has elected to adopt the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Health Care Organizations, which are required for financial statements for periods beginning on or after June 15, 1996. Under these provisions, the hospital has qualified as a governmental entity. In applying governmental GAAP, the hospital has elected to apply the provisions of all relevant pronouncements of FASB, including those issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

## D. ELIMINATIONS

Substantially all intrafund transactions and balances of the primary government have been eliminated. Substantially all interfund transactions are classified as operating transfers-in or operating transfers-out after the revenues and expenditures/expenses are reported on each of the operating statements.

## E. INSURANCE

The state has agreements with the Colorado Compensation Insurance Authority (CCIA), a related party, to administer a Paid Loss/Retro Plan for workers' compensation insurance claims through June 30, 1996. For claims arising after that date, the state is self-insured for workers' compensation. The state reimburses CCIA for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

The state insures its property through private carriers and is self-insured for general liability for both its officials and employees.

## F. TOTAL COLUMN ON COMBINED STATEMENTS

The total columns on the combined statements for the primary government are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Nor are they comparable to a consolidation, as interfund eliminations have not been made in the aggregation of this data.

## G. CASH AND POOLED CASH

### Primary Government

For purposes of reporting cash flows, cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, and pooled cash with the state treasurer. Amounts reported in previous years as warrants payable are now reported as a reduction of cash and pooled cash.

### Component Units

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan consider highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Denver Metropolitan Major League Baseball Stadium District, and the Colorado Water Resources and Power Development Authority consider investments with a maturity of three months or less when purchased to be cash equivalents.

## H. INVENTORY

Inventories of the various state agencies primarily comprise finished goods inventories held for resale by Correctional Industries, and consumable items such as office and institutional supplies, fuel, and maintenance items.

Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or market. The state uses various valuation methods (FIFO, average, etc.) depending upon the state agency. The method used in each agency is consistent from year to year.

Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expensed at the time of sale.

## I. INVESTMENTS

For the primary government, items classified as investments, including those held by the state treasurer and represented as pooled cash, are both short and long-term investments. These are stated at fair value except for certain money market investments (See Note III-G). Investments that do not have an established market are reported at their estimated fair value. The state treasurer records interest based on book yield as adjusted for amortization of premiums and discounts.

## J. PROPERTY, PLANT, AND EQUIPMENT

### Primary Government

Capital assets are carried at cost on the balance sheet. Donated capital assets are carried at their fair market value at the date of donation. The state capitalizes assets whose cost exceeds \$5,000.

Generally, the state capitalizes interest during the construction of general fixed assets. General fixed assets do not include infrastructure and are not depreciated. Assets in proprietary and nonexpendable trust are depreciated using the straight-line method.

The following useful lives are used for depreciation:

Buildings	25-40 years
Improvements other than buildings	10-17 years
Furniture, machinery, and equipment	5-12 years

### Component Units

The Denver Metropolitan Major League Baseball Stadium District and the University of Colorado Hospital Authority capitalize interest during the construction of fixed assets. Both entities depreciate fixed assets over the estimated useful life of the asset class using the straight-line method.

## K. DEFERRED REVENUE

Under reimbursement agreements, receipts from the federal government and other program sponsors are deferred until the related expenditures are made. Revenues related to taxes receivable that the state does not expect to collect until after the following fiscal year are deferred. In addition, it is the policy of the state's higher education institutions to defer summer school tuition to the following fiscal year.

## L. ACCRUED COMPENSATED ABSENCES LIABILITY

### Primary Government

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to their respective accrued balance on July 1, 1988 plus 360 additional hours. After earning the maximum accrual each employee may convert five hours of sick leave to one hour of annual leave. Employees are paid for one-fourth of their unused sick leave upon death or retirement.

Annual leave is earned at increasing rates based on employment service longevity. In no event can a classified employee accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100% of their annual leave balance upon leaving state service.

Compensated absence liabilities related to the governmental funds are recorded in the General Long-Term Debt Account Group. For all other fund types, both current and long-term portions are recorded as individual fund liabilities.

### Component Units

Employees of the University of Colorado Hospital Authority use paid time off (PTO) for vacation, holidays, short-term illness, and personal absences. Extended illness pay (EIP) is used to continue salary during extended absences due to medical disability or serious health conditions. Both PTO and EIP earnings are based on length of service and actual hours worked. The hospital records PTO expense as earned. Accrued EIP is based solely on amounts estimated to become payable to that portion of the employee base which will ultimately retire from the hospital.

The Colorado Water Resources and Power Development Authority recognizes unused vacation benefits as they are earned.

### M. FUND EQUITY

Reserved fund balance indicates that a portion of fund equity is not available for appropriation, or is legally segregated for a specific use. Designated fund balances are not legally segregated but indicate tentative management plans for future use of funds.

The fund balance of the General Fund is reserved as provided by statute or as provided by generally accepted accounting principles. The unreserved portion of fund equity on the budgetary basis is available for appropriation or working capital. Since the state is prohibited by its constitution from incurring general obligation debt, the General Fund surplus on the budgetary basis must be positive at year-end.

Reserves of fund equity at June 30, include:

Reserved for Encumbrances - In the General Fund, this reserve is for the portion of the Fiscal Year 1999-00 appropriation that was encumbered for goods and services that were not received before June 30, 2000, due to extenuating circumstances. Thus, the specific appropriation related to these items is rolled-forward to Fiscal Year 2000-01.

In the Special Revenue and Capital Projects Funds this reserve represents purchase orders, contracts, and long-term contracts related to construction of major capital projects. Since the resources of these funds are often received after the long-term contracts are executed and recorded as encumbrances, the unreserved undesignated amount may reflect a deficit. When a deficit occurs it is funded by future proceeds of the fund.

Reserved for Other Specific Purposes - These reserves are used to indicate that a portion of fund balance is restricted as to its use. The restriction of the representative assets may have been placed there by their donor in the case of fiduciary funds, by statute in the General and other governmental type funds, or reserved for special purposes such as the payment of debt principal in the case of the Debt Service Fund.

In the college and university funds, all fund balances with the exception of the Current Unrestricted Fund are reserved to indicate the restrictions of available assets to specific purposes of these funds.

Reserved for Long-Term Assets and Long-Term Receivables - These reserves in the governmental funds are used to reserve the portion of fund balance that relates to long-term interfund receivables and other long-term assets that are not offset by deferred revenue. These assets are not currently available for appropriation.

Reserved for Statutorily Specified Amounts - Colorado Revised Statutes 24-75-201.1(d)(III) requires that four percent of the amount appropriated for expenditure from the General Fund be reserved for that fiscal year. In Fiscal Year 1999-00, this amount should be \$200.37 million. Under generally accepted accounting principles no funds were available to meet this reserve requirement. However, due to delayed recognition of excess-revenue refunds under the state's budgetary basis, the reserve requirement was met and legal compliance was achieved. (See Note II-A)

Article X, Section 20 (TABOR) of the State Constitution requires the reservation of three percent or more of the 1999-00 fiscal year spending for emergencies. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues. (See Note II-D)

Designated Unreserved - In the Capital Projects Fund, this designation represents amounts appropriated but not encumbered by contracts. In the Fiduciary Funds, this designation represents the cumulative net earnings of the Controlled Maintenance Trust Fund. In the College and University Funds, this designation represents the fund balance of the higher education auxiliary activities in the Current Unrestricted Fund.

## N. OUTSTANDING ENCUMBRANCES

The state uses encumbrance accounting as an extension of formal budgetary integration in all funds except pension trust funds, investment trust funds, and the college and university funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation.

Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year, thus, committing the subsequent year's available appropriation.

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## NOTE II. BUDGETS - LEGAL COMPLIANCE

### A. BUDGETARY BASIS

The budgetary fund types used by the state differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all funds received by the state that have been designated to support specific expenditures. Federal funds are revenues received from the Federal government. General-purpose revenues are not designated for specific expenditures.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in several instances of duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exception. Refunds under Article X, Section 20 (TABOR) of the State Constitution are reductions of revenue for nonbudgetary reporting purposes, but they are shown as expenditures for budgetary purposes. For budgetary purposes, these expenditures are recognized in the year that the refunds are paid, not in the year the refund liability arises.

### B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of state government, with the exception of custodial funds or federal moneys not requiring matching state funds, are controlled by annual appropriation made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State

Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the Department. In addition, the Commission may appropriate available fund balance from their portion of the Highway Fund.

The legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Bill segregates the budget of the state into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Bill, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

General and cash funded appropriations, with the exception of capital projects, lapse at year-end unless executive action is taken to roll-forward all or part of the remaining unspent budget authority. General funded appropriations that meet the strict criteria for roll-forward are reserved in the General Fund at year-end. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end.

The appropriation controls the combined expenditures and encumbrances of the state, in the majority of the cases, to the level of line item within the agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. The institutions of higher education are appropriated at the governing board level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures of like purpose. The

appropriation may be adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual statements, the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and any statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded, supplemental appropriations of the legislature, and other miscellaneous budgetary items.

### C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. If earned cash revenues plus available fund balance, and earned federal revenues, are less than cash and federal expenditures, then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation.

The state controller may allow certain overexpenditures of the legal appropriation with the approval of the Governor as provided by Colorado Revised Statutes 24-75-109. Unlimited overexpenditures are allowed in the Medicaid program. The Department of Human Services is allowed \$1 million of overexpenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. Statute also allows overexpenditures up to \$1 million in total for the remainder of the executive branch. An additional \$1 million of transfers and overexpenditure are allowed for the Judicial Branch.

If the controller restricts the subsequent year appropriation for an overexpenditure, the agency is required to seek a supplemental appropriation from the General Assembly or reduce their subsequent year's expenditures.

Total overexpenditures at June 30, 2000, were \$18,916,576. Of that amount, the controller has recommended that future appropriations be restricted by \$18,900,864. Overexpenditures at June 30, 2000, are described below.

- The Medical Services Program of Medicaid in the Department of Health Care Policy and Financing overexpended its appropriation of general funds by \$11,837,061. An additional \$7,357,443 of expenditures of this program were recorded but not reported to the Governor as an overexpenditure because the legislature retroactively appropriated that amount as Fiscal Year 1998-99 spending. These expenditures were related to an underestimate in the accrual of program costs in Fiscal Year 1998-99. Therefore, they are reported in the current year on the *Schedule of Revenue Expenditures and Changes in General Fund Surplus – General Fund Budget and*

*Actual – Budgetary Basis.* The department also overexpended its general fund Medicaid appropriation by \$5,464,105 on transfers to the Department of Human Services for the health care needs of that department's clients.

- The Department of Human Services overexpended its cash funded appropriation by \$251,837 in the Aid to Needy Disabled Program. Caseloads and program expenditures are difficult to project because they are affected by clients qualifying for federal Supplemental Security Income.
- The Brand Board in the Department of Agriculture inspects cattle and horse brands to validate ownership. The Board overexpended its cash funded appropriation by \$37,458 due to increased fuel costs and payments to part-time help.
- The Colorado Historical Society overexpended its cash funded appropriation by \$65,642 when cost-of-goods-sold expenditures were higher than anticipated due to increased sales.
- The Colorado State Patrol overexpended its cash funded appropriation by \$394,409 as a result of increased miles driven, increased fuel costs, and a miscalculation in the budget setting process. The State Patrol had other unexpended appropriations, but the state controller was unable to transfers those appropriations under the statutory limit.
- The Office of the Alternate Defense Counsel provides legal representation for indigent defendants when the Public Defender perceives a conflict of interest. The Counsel overexpended its cash funded appropriation by \$110,656 due to an unanticipated increase in death penalty cases assigned.
- The Division of Central Services in the Department of Personnel manages the state's motor vehicle fleet. Increases in fuel costs caused the program to overexpend its appropriation by \$237,810 and caused it to undercharge state agencies by \$463,939.
- The Capitol Complex Program in the Division of Central Services is responsible for the operation, maintenance, and security of state buildings in the area around the State Capitol. The program ended the year with a \$291,469 deficit fund balance because it reduced charges to state agencies with the intent of reversing cumulative overcharges to federal programs operated by state agencies.

A separately issued report comparing line item expenditures to authorized budget is available upon request from the State Controller's Office.

**D. TAX, SPENDING, AND DEBT LIMITATIONS**

Certain state revenues, primarily taxes and fees, are limited under Article X, Section 20 (TABOR) of the State Constitution. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. The constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations apply to the state as a whole, not to individual funds, departments or agencies of the state. Annual revenues that exceed the constitutional limitation must be refunded, unless voters approve otherwise. The state exceeded the revenue growth limitation in each year since Fiscal Year 1996-97. A liability was accrued in the General Fund as a reduction of tax revenues for the current year amount exceeding the limitation (\$941.13 million). The Fiscal Year 1999-00 refund is shown on the *Combined Balance Sheet - All Fund Types and Discretely Presented Component Units* as TABOR Refund Liability.

Colorado Revised Statutes 24-75-201 requires that the accrual of the TABOR Refund not be included in the General Fund budgetary fund balance (General Fund Surplus) in the year in which the excess revenues were accrued. Instead, the budgetary fund balance is reduced in the following year by reporting an expenditure equal to the excess revenue reduced by any amount the voters authorize the state to retain. Therefore, the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Funded* shows a \$679.6 million expenditure related to the Fiscal Year 1998-99 TABOR refund. A separately issued audited report of TABOR computations for Fiscal Year 1999-00 will be available from the State Controller's Office in December 2000.

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>BUDGETARY BASIS:</b>				
Revenues and Transfers-In:				
General	\$ 6,114,804	\$ -	\$ -	\$210,951
Cash	2,736,641	2,541,711	6,387	63,416
Federal	2,288,190	387,308	-	7,608
Sub-Total Revenues and Transfers-In	11,139,635	2,929,019	6,387	281,975
Expenditures/Expenses and Transfers-Out				
General Funded	5,996,186	-	-	391,308
Cash Funded	2,670,774	1,848,200	5,356	50,437
Federally Funded	2,290,827	387,063	-	7,608
Expenditures/Expenses and Transfers-Out	10,957,787	2,235,263	5,356	449,353
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	181,848	693,756	1,031	(167,378)
(Increase)/Decrease in TABOR Refund	(261,495)	-	-	-
Increase/(Decrease) in Unrealized Gains/Losses	(9,774)	(7,162)	-	(3,450)
Increase for Budgeted Non-GAAP Expenditures	1,887	10,170	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	106,655	(8,386)	-	19,801
Increase/(Decrease) for GAAP Revenue Adjustments	(107,711)	37	-	(19,801)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(88,590)	688,415	1,031	(170,828)
FUND BALANCE, JULY 1 - GAAP BASIS	345,741	873,117	4,711	572,556
Addition of Northwestern Community College	-	-	-	-
Prior Period Adjustments	-	8,000	-	-
FUND BALANCE, JUNE 30 - GAAP BASIS	\$ 257,151	\$1,569,532	\$ 5,742	\$401,728

# **E. BUDGET TO GAAP RECONCILIATION**

The three combined budget-to-actual statements show revenues and expenditures that are legislatively appropriated or otherwise legally authorized. College and university funds, with the exception of the state-appropriated amounts are excluded from these statements.

Certain expenditures on a generally-accepted-accounting-principle (GAAP) basis, such as, bad debt expense and depreciation, are not budgeted by the General Assembly. These expenditures are not shown on the budget-to-actual statements but are include in the reconciliation below. Some transactions considered expenditures for budgetary purposes, such as capital purchases in proprietary fund types, are not expenditures on a GAAP basis. These expenditures are shown below as "Budgeted Non-GAAP Expenditures."

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of the current year TABOR liability, affect revenues on a GAAP basis but not on the budgetary basis. These events and transactions are shown below as "GAAP Revenue Adjustments." A separated line shows unrealized gains and losses, which affect revenues on a GAAP basis but not on a budgetary basis.

The inclusion of these revenues and expenditures along with the balances from the budget-to-actual statements is necessary to reconcile to the GAAP fund balance.

A reconciliation of the three budget-to-actual statements to the fund balances of the GAAP fund types follows:

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			TOTAL PRIMARY GOVERNMENT
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,325,755
457,476	200,554	513,574	-	-	1,308,638	7,828,397
50,898	-	13,991	-	-	-	2,747,995
508,374	200,554	527,565	-	-	1,308,638	16,902,147
-	-	-	-	-	-	6,387,494
445,761	199,088	333,173	-	-	1,293,158	6,845,947
50,344	-	12,085	-	-	-	2,747,927
496,105	199,088	345,258	-	-	1,293,158	15,981,368
12,269	1,466	182,307	-	-	15,480	920,779
-	-	-	-	-	-	(261,495)
(664)	(214)	(11,948)	-	-	612	(32,600)
3,720	-	43	-	-	-	15,820
(15,708)	(3,923)	(4)	-	-	10	98,445
-	-	-	-	-	-	(127,475)
-	-	120,623	118,566	-	364,051	603,240
(383)	(2,671)	291,021	118,566	-	380,153	1,216,714
97,277	20,737	2,403,812	1,730,823	-	3,141,604	9,190,378
-	-	-	-	-	24,603	24,603
-	552	-	-	-	-	8,552
\$ 96,894	\$ 18,618	\$ 2,694,833	\$1,849,389	\$ -	\$ 3,546,360	\$ 10,440,247

**NOTE III. OTHER ACCOUNTING DISCLOSURES****A. CASH AND POOLED CASH****Primary Government**

The State Treasury acts as a bank for all state agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund, unless a specific statute directs otherwise. Where a fund category has a cash deficit, that deficit has been reclassified to an interfund payable to the General Fund. The detailed composition of the cash and investments is shown in the annual Treasurer's Report.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The state's cash management policy is to invest all major revenues as soon as the moneys are available within the banking system. Electronic transfers are used by the state to enhance availability of funds for investment purposes.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102% of the deposits exceeding those amounts insured by federal insurance.

The state maintains accounts for various purposes at locations throughout the state. Cash balances in these accounts that are not required for immediate use are invested in certificates of deposit by the fund custodian or moved to the state treasurer's pooled cash investments.

The state categorizes its cash into three categories as to their risk:

- Category 1 is federally insured deposits, or deposits fully collateralized with securities held by the state or its agent in the state's name.
- Category 2 is deposits uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the state's name.
- Category 3 is uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the state's name.

At June 30, 2000, the state had cash balances in all funds with a carrying value of \$1,558.9 million. The bank balances of these funds are categorized by risk as follows:

Risk Category	Bank Balance June 30
1	\$ 792,245,647
2	774,941,873
3	279,775
<b>TOTAL</b>	<b>\$ 1,567,467,295</b>

The Cash and Pooled Cash line on the financial statements includes \$3,013.2 million of claims of the state's funds in the treasurer's pooled cash. At June 30, 2000, the treasurer had invested \$2,894.0 million of the pool with the balance in demand deposits and certificates of deposit.

**Component Units**

At December 31, 1999, the Colorado Water Resources and Power Development Authority had federally insured cash deposits with a bank balance of \$166,094 and deposits collateralized in single institution pools of \$339,390.

At December 31, 1999 the Denver Metropolitan Major League Baseball Stadium District had federally insured cash deposits with a bank balance of \$28,523. They also had \$18,985,749 in money market funds invested in obligations of the U.S. Government or its agencies. The money market funds are carried at cost, which approximates market value.

**B. NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES**

In the proprietary fund types, noncash transactions occur that do not affect the *Combined Statement of Cash Flows, All Proprietary Fund Types and Similar Trust Funds and Discretely Presented Component Units*. These transactions are summarized at the bottom of the statement and are explained as follows:

- The State Nursing Homes, an enterprise activity, acquired equipment of \$2,316 by entering a capital lease. The homes also received \$18,673 of fixed assets from the General Fixed Assets Account Group.



- Guaranteed Student Loan (GSL), an enterprise activity, recorded a \$3,778 loss on disposal of equipment.
- The Colorado Lottery, Business Enterprise Program, State Nursing Homes, Correctional Industries, and Other Enterprise Funds, recorded loss on disposal of fixed assets of \$52,588, \$591, \$50,817, \$83,130, and \$4,125, respectively.
- Central Services, an internal service activity, increased their capital lease obligations by \$14,353,429 to acquire additional vehicles for their fleet program.
- Telecommunications, an internal service activity, received capital assets in the amount of \$856,912 from the General Fixed Asset Account Group. These assets were funded by the Capital Projects Fund. A portion of these assets (\$552,131) were received but not recorded in a prior year, and therefore, this transaction is shown as a prior period adjustment on the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity – All Proprietary Fund Types*.

Nearly all proprietary type funds incurred unrealized gains/losses on investments individually held or as a result of participating in the Treasurer's pooled cash. The unrealized loss on the Treasurer's pool changed cash balances, but the gain/loss on investments individually held did not result in changes in cash balances. Note III-G shows the combined effect of these two sources of unrealized gains/losses.

## C. RECEIVABLES

### Primary Government

The tax receivable of \$985.9 million shown on the *Combined Balance Sheet - All Fund Types, Account Groups* results from the recording of self-assessed taxes on the modified accrual basis. The other receivables of \$335.1 million are net of a deduction of \$79.6 million in allowance for doubtful accounts.

### Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of \$436.1 million and \$355.7 million at December 31, 1999 and 1998, respectively. During 1999 they made new loans of \$96.0 million and canceled or received repayments for existing loans of \$15.6 million.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (20 percent), Medicaid (5 percent), managed care including Blue Cross (44 percent), and other commercial insurance (11 percent). However, the authority's management does not believe there are credit risks associated with these payers. Further, the authority continually monitors and adjusts its reserves and allowances associated with these receivables.

Net patient-service revenue under the Medicare and Medicaid programs in Fiscal Year 1999-00 and 1998-99 were approximately \$106.9 million and \$97.6 million, respectively. Net patient-service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The hospital elected to early implement Governmental Accounting Standards Board Statement No. 33 – Accounting and Financial Reporting for Nonexchange Transactions. As a result, a \$25 million donation to be received over five years is reported at its net present value of approximately \$22.1 million based on the hospital's discount rate of 5.37 percent.

## D. INVENTORY

Inventories of \$8.65 million in the General Fund at June 30, 2000, consisted of \$7.38 million of consumable and supplies inventories, and \$1.27 million of food donated to the Department of Human Services.

## E. PREPAIDS, ADVANCES, AND DEFERRED CHARGES

In the General Fund, this account consists primarily of Medicaid payments in advance made to mental health and health care providers by the Department of Health Care Policy and Financing. Charges in the College and University Funds related to summer school are deferred to Fiscal Year 2000-01 to match the deferral of summer school tuition.

**F. INTERFUND BALANCES**

Individual interfund receivable and payable balances at June 30, 2000, were:

(Amounts in Thousands)		
Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 51,790	\$ 39,926
Special Revenue Funds		
Highway	11,263	684
Wildlife	1,817	9
Gaming	8,938	35,330
Water Projects	202	7,944
Capital Projects Funds	629	3,137
Enterprise Funds		
Guaranteed Student Loan	-	1
State Lottery	-	17,906
Prison Canteens	19	1
Correctional Industries	535	103
Other Enterprise Activities	9	-
Internal Service Funds		
Central Services	493	-
General Government Computer Cen	289	-
Telecommunications	-	3,740
Capitol Complex	1	-
Expendable Trust Funds		
Unemployment Insurance	-	1,128
State Treasurer	15,535	-
Severance Tax Fund	12,208	-
Land Board	-	3,576
Conservation Trust Fund	7,163	-
Other Expendable Trusts	-	23
Nonexpendable Trust Funds		
State Lands	131	2
Controlled Maintenance	-	4,121
Other Nonexpendable Trusts	10	-
Agency Funds		
Revenue	2,521	8,526
Treasury	7,702	-
Other Agency Funds	467	173
College and University Funds		
Unrestricted	22,655	11,683
Restricted	5,188	7,828
Endowment	153	1,730
Unexpended Plant Fund	7,323	1,515
Retirement of Indebtedness	554	-
Investment in Plant	-	8,503
Agency	322	328
Totals	\$ 157,917	\$ 157,917

**G. INVESTMENTS****Primary Government**

The state holds investments both for its own benefit and as an agent for certain entities as provided by law. The state does not invest its funds with any external investment pool, rather, funds not required for immediate payments are administered by the authorized custodian of the funds or pooled and administered by the state treasurer (See Note III-H).

The fair value of the state's investments are determined from quoted market prices except for money market investments that are reported at amortized cost which approximates market.

The following schedule reconciles deposits and investments to the financial statements for the primary government:

(Amounts in Thousands)	
	Carrying Amount
Footnote Amounts	
Deposits (Note III-A)	\$ 1,558,890
Investments	5,274,181
Total	<u>\$ 6,833,071</u>
Combined Balance Sheet Amounts	
Cash and Pooled Cash	\$ 4,270,180
Investments	2,380,189
Warrants Payable Included in Cash	182,702
Total	<u>\$ 6,833,071</u>

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. Realized gains from the sale of investments related to the Treasurer's pooled cash were \$970,085 for Fiscal Year 1999-00. Excluding the Individual Investment Trust Fund, and the Deferred Compensation Plan, the state realized \$1,850,024 of net gains from the sale of investments of other funds during Fiscal Year 1999-00.

The state treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related party. At June 30, 2000 and 1999, the treasurer had \$31.7 million and

\$48.9 million at fair value, respectively, of GOCO's funds on deposit and invested. The treasurer also maintains an individual investment trust fund for the Colorado Compensation Insurance Authority (CCIA), a related party. At June 30, 2000 and 1999, the treasurer had \$770.1 and \$653.0 million at fair value, respectively, of CCIA's funds on deposit and invested.

Colorado Revised Statutes 24-75-601.1 authorizes the type of investments that the state may hold. In general, the statute requires securities that are of the highest quality as determined by national rating agencies, those guaranteed by another state or the federal government, or a registered money market fund whose policies meet criteria set forth in the statute.

The state categorizes the custodial risks of its investments into the following categories:

- Category A is those investments that are insured or registered securities held by the state or its agent in the state's name.
- Category B is those investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name.
- Category C is those investments that are uninsured and unregistered, with securities held by the counterparty or its agent, but not in the state's name.

Mutual funds and certain other investments are not categorized as to custodial risk because ownership is not evidenced by a security. The following table lists the state's investments by type and risk category.

(Amounts in Thousands)				
Type of Investment*	Risk Category			Total Fair Value
	A	B	C	
U.S. Government Securities	\$ 1,898,427	\$ 9,979	\$ 6,933	\$ 1,915,339
Bankers' Acceptance	21,814	-	-	21,814
Commercial Paper	431,437	-	-	431,437
Corporate Bonds	841,584	-	1,209	842,793
Corporate Securities	38,232	-	12,135	50,367
Repurchase Agreements	5,024	-	213	5,237
Asset Backed Securities	1,250,902	-	543	1,251,445
Other	21	-	-	21
Subtotal	<u>\$ 4,487,441</u>	<u>\$ 9,979</u>	<u>\$ 21,033</u>	4,518,453
Uncategorized				755,728
Total				<u>\$ 5,274,181</u>

\*Note: Amounts include the treasurer's pool and individual investment accounts.

The following schedule shows the state's net unrealized gains and (losses) by fund category for Fiscal Years 1999-00 and 1998-99. The schedule excludes the Deferred Compensation Plan, an expendable trust fund,

the individual investment trust fund managed for the Colorado Compensation Insurance Authority, and agency funds because realized and unrealized gains of these funds are not available to the state's programs.

(Amounts in Thousands)		
Gain/(Loss)		
Fund Type	Fiscal Year 1999-00	Fiscal Year 1998-99
General Fund	\$ (9,774)	\$ (11,513)
Nonexpendable Trust Funds	(6,916)	(7,218)
Controlled Maintenance Trust	(4,645)	(6,282)
Endowment Fund	(4,353)	238
Regular Capital Construction	(3,450)	(3,864)
Highways	(3,294)	(3,076)
Labor	(1,222)	(5,743)
Water Conservation Construction	(745)	(854)
Wildlife	(731)	(795)
Tobacco Litigation Settlement	(642)	-
Colorado Gaming Fund	(529)	(517)
Severance Tax Trust Fund	(507)	(257)
Colorado Student Loan Program	(419)	(389)
Current Funds - Restricted	(306)	229
Current Funds - Unrestricted	(260)	(2,061)
State Employee Group Insurance	(197)	(248)
Other Expendable Trusts	(192)	(161)
Colorado Lottery Fund	(188)	(234)
Unexpended Plant Funds	(170)	(347)
Correctional Industries	(25)	(40)
State Nursing Homes	(19)	(23)
Transportation	(16)	(10)
State Fair Authority	(10)	(7)
Treasurer's Expendable Trust	(7)	(30)
Other Nonexpendable Trusts	(5)	(57)
Deferred Compensation Plan	(4)	-
Business Enterprise Program	(3)	(3)
Other Enterprise Funds	-	(36)
Conservation Trust Fund	-	(17)
Loan Fund	9	(36)
Retirement Of Indebtedness	11	(263)
Tobacco Litigation Settlement	327	-
Renewal And Replacement	861	(596)
Totals	\$ (37,421)	\$ (44,210)

### Component Units

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which governmental units may invest. The risk criteria are defined the same as for the primary government.

Investments of the University of Colorado Hospital Authority are reported at fair values which are based on

quoted market prices, if available, or estimated using market prices for similar securities. Interest, dividends, and realized and unrealized gains and losses are based on the specific identification method and are included in non-operating income when earned. In Fiscal Year 1999-00, the University of Colorado Hospital Authority realized a net gain on investments of \$8.0 million and unrealized gain of

\$2.7 million. The unrealized gain represented a \$3.3 million decline in the unrealized fair value of investments from the prior fiscal year.

The hospital uses interest rate swap agreements to manage interest costs and risks associated with changing interest

rates. At June 30, 2000, the hospital was party to two swap agreements having notational amounts of \$50 million and \$72 million. The fair value of the swaps was (\$680,000) and (\$153,000), respectively, based on the gross unrealized market loss. Both interest rate swaps are scheduled to terminate in 2006.

The following table lists the component units' investments by type and risk category:

(Amounts in Thousands)

Type of Investment	Risk Category			Total Fair Value
	A	B	C	
U.S. Government Securities	\$ 99,361	\$ -	\$ 8,973	\$ 108,334
Repurchase Agreements	-	-	187,232	187,232
Corporate Bonds	27,521	-	-	27,521
Equity Securities	40,461	-	-	40,461
Subtotal	\$ 167,343	\$ -	\$ 196,205	363,548
Uncategorized				177,350
Total				\$ 540,898

## H. TREASURER'S INVESTMENT POOL

Participation in the treasurer's pool is mandatory for all state agencies with the exception of the University of Colorado. The treasurer determines the fair value of the pool's investments at each month-end for performance tracking purposes. Short-term realized gains and losses and interest earnings, adjusted for amortization of premium and discounts, are distributed monthly prorated to the average of the participant's daily balance during the month if the participant is authorized to receive interest and investment earnings by statute.

Colorado Revised Statutes 24-36-113 authorizes the state treasurer to enter collateralized securities lending agreements. During Fiscal Year 1999-00, the treasurer loaned U.S. government and federal agencies' securities held for the Colorado Compensation Insurance Authority to Morgan Stanley. The treasurer also loaned U.S. government and federal agencies securities held for the Colorado Treasury Pool, the Public School Permanent Fund, and the Controlled Maintenance Trust Fund to Deutsche Bank. Morgan Stanley and Deutsche Bank pay the treasurer an agreed upon fee for use of these securities. Collateral is deposited and held in a custodial bank.

Currently, collateral held by the custodial bank includes A-rated or better domestic corporate bonds, however, the agreement allows collateral to include government and federal agencies' securities as well. Corporate securities held as collateral must equal at least 105 percent of the market value of the loaned securities, while government securities must equal at least 102 percent of the market value. The treasurer does not have the authority to pledge or sell collateral securities without borrower default nor does the treasurer accept cash as collateral.

Morgan Stanley, acting as the principal, and Deutsche Bank, acting as agent and fiduciary, are directly responsible for the safeguarding of assets. Each carries a financial institution bond that is substantially more than the amount required by the New York Stock Exchange. On June 30, 2000, the market value of securities on loan from the Colorado Compensation Insurance Authority account was \$173,853,154. The market value of the collateral securities pledged was \$184,742,890. At June 30, 2000, the market value of the securities on loan from the other three funds was \$1,262,470,748, and the market value of the related pledged collateral was \$1,378,017,690.

## I. PROPERTY, PLANT, AND EQUIPMENT

### Primary Government

A summary of fixed assets by account groups and fund types at June 30, 2000, follows:

(Amounts in Thousands)

	General Fixed Assets Account Group	Enterprise Funds	Internal Service Funds	Fiduciary Funds	College & University Funds	Totals
Land and Improvements	\$ 233,056	\$ 9,169	\$ -	\$ 7,574	\$ 212,478	\$ 462,277
Buildings and Improvements	1,140,669	27,263	847	59	1,857,327	3,026,165
Equipment	313,230	33,171	119,508	506	564,059	1,030,474
Library Books and Holdings	2,743	-	-	5,129	285,309	293,181
Construction in Progress	145,490	307	1,687	-	381,706	529,190
Other	14,201	60	16,978	-	988	32,227
Less: Accumulated Depreciation	-	(35,904)	(81,082)	-	(1,437)	(118,423)
Totals	\$ 1,849,389	\$ 34,066	\$ 57,938	\$ 13,268	\$ 3,300,430	\$ 5,255,091

A statement of changes in general fixed assets for the year ended June 30, 2000, is shown below:

(Amounts in Thousands)

	Beginning Balance July 1	Additions	Deductions	Reclassifications	Ending Balance June 30
Land and Improvements	\$ 218,800	\$ 21,364	\$ 7,108	\$ -	\$ 233,056
Buildings and Improvements	1,038,352	15,263	14,393	101,447	1,140,669
Equipment	328,768	20,649	36,187	-	313,230
Library Books and Holdings	2,743	149	149	-	2,743
Construction in Progress	130,597	116,340	-	(101,447)	145,490
Other	11,563	2,638	-	-	14,201
Totals	\$ 1,730,823	\$ 176,403	\$ 57,837	\$ -	\$ 1,849,389

### Component Units

The Colorado Water Resources and Power Development Authority reported furniture and fixtures, net of accumulated depreciation, of \$57,353 at December 31, 1999.

The Denver Metropolitan Major League Baseball Stadium District reported land and improvements, buildings, and other property and equipment, of \$179.6 million and \$184.2 million, net of accumulated depreciation, at December 31, 1999 and 1998, respectively.

At June 30, 2000, the University of Colorado Hospital Authority reported gross amounts for land, buildings and improvements of \$174.5 million, equipment of \$95.6 million, and construction in progress of \$84.6 million. Accumulated depreciation related to these fixed assets was \$115.0 million.

## J. OTHER LONG-TERM ASSETS

In the governmental funds, the state has reserved the fund balance for long-term assets and long-term loans receivable. The loans in the Special Revenue Fund are made to local entities by the Water Conservation Board for the purpose of constructing water projects in the state. These loans are made for periods ranging from 10 to 40 years at interest rates of 2 to 7 percent. The loans require the local entities or districts to make a yearly payment of principal and interest.

## K. FUND BALANCE DEFICITS

The deficit of \$143.9 million in unreserved undesignated fund equity of the General Fund is related to recording a liability of \$941.13 for excess-revenue refunds under Article X, Section 20 (TABOR) of the State Constitution. Due to delayed recognition of excess-revenue refunds under the state's budgetary basis, legal compliance was achieved. (See Note II-A and II-D)

The Telecommunications Fund, an internal service fund, had a retained earnings deficit of \$139,170 at June 30, 2000.

The Capitol Complex Fund, an internal service fund, had a retained earnings deficit of \$291,469 at June 30, 2000.

The Administrative Hearings Fund, an internal service fund, had a retained earnings deficit of \$27,737 and \$61,874 respectively at June 30, 2000, and June 30, 1999.

The State Fair Authority, an enterprise fund, had a retained earnings deficit of \$2,043,385 and \$1,328,459 respectively at June 30, 2000, and June 30, 1999.

## L. FUND EQUITY

Fund equities reserved for other specific purposes at June 30, 2000, are:

(Amounts in Thousands)						
Reserved For	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Fiduciary Funds	Total
Unemployment Insurance	\$ -	\$ -	\$ -	\$ -	\$ 812,149	\$ 812,149
CCIA Individual Investment Trust Fund	-	-	-	-	781,351	781,351
Deferred Compensation Plan	-	-	-	-	365,278	365,278
Public School Permanent Fund	-	-	-	-	302,080	302,080
Benefits For Injured Workers	-	177,537	-	-	-	177,537
Severance Tax Trust Fund	39,481	-	-	-	57,099	96,580
Water Conservation Construction	-	93,743	-	-	-	93,743
Wildlife, Parks, & Outdoor Recreation	1,607	65,933	-	-	981	68,521
Tobacco Litigation Settlement	-	67,101	-	-	-	67,101
Tobacco Settlement Trust Fund	-	-	-	-	50,859	50,859
Limited Gaming Fund	-	42,536	-	-	-	42,536
Hazardous Substances Response	32,604	-	-	-	-	32,604
Family Issues Cash Fund	32,159	-	-	-	-	32,159
State Public School Fund	25,566	-	-	-	-	25,566
Uninsurable Health Insurance Plan	22,554	-	-	-	-	22,554
Employment Support Fund	22,494	-	-	-	-	22,494
Mineral Leasing	20,861	-	-	-	-	20,861
Public Safety Communications	20,708	-	-	-	-	20,708
Controlled Maintenance Trust	-	-	-	-	17,018	17,018
Energy Conservation	12,666	-	-	-	-	12,666
Victims Of Crime	1,131	-	-	-	10,314	11,445
Species Conservation	10,790	-	-	-	-	10,790
Mined Land Reclamation	940	-	-	-	8,488	9,428
Petroleum Storage Tank Fund	9,053	-	-	-	-	9,053
Disaster Emergency Fund	7,855	-	-	-	-	7,855
Natural Resources Damage Recovery	7,592	-	-	-	-	7,592
Limited Gaming Impact Fund	7,109	-	-	-	-	7,109
General Liability Fund	7,009	-	-	-	-	7,009
Read-To-Achieve Cash Fund	7,000	-	-	-	-	7,000
Economic Development Fund	6,293	-	-	-	-	6,293
Debt Retirement	-	-	5,742	-	-	5,742
Workers' Compensation Regulation	5,741	-	-	-	-	5,741
Old Age Pension Stabilization	5,000	-	-	-	-	5,000

(Continued)

(Continued)

Reserved For	(Amounts in Thousands)					Total
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Fiduciary Funds	
Drug Offender Surcharge Fund	4,546	-	-	-	-	4,546
Aviation Fund	4,161	-	-	-	-	4,161
Distributive Data Processing	-	4,138	-	-	-	4,138
Children's Basic Health Plan	3,778	-	-	-	-	3,778
Supreme Court Grievance Committee	-	-	-	-	3,759	3,759
Worker's Compensation Fund	3,421	-	-	-	-	3,421
Real Estate Recoverys	-	-	-	-	3,054	3,054
Regulatory License and Fee Adjustment	2,779	-	-	-	-	2,779
Capital Construction	-	-	-	2,744	-	2,744
Brand Inspection Fund	2,735	-	-	-	-	2,735
Public Employees Social Security	2,604	-	-	-	-	2,604
Secretary Of State Fees	2,480	-	-	-	-	2,480
Patient Benefit	-	-	-	-	2,416	2,416
Disabled Telephone Users Fund	2,161	-	-	-	-	2,161
Treasurer's Escheats Fund	-	-	-	-	2,114	2,114
Department of Law Custodial Funds	2,109	-	-	-	-	2,109
Uniform Consumer Credit Code	2,046	-	-	-	-	2,046
Housing Rehabilitation Revolving Loans	-	-	-	-	1,850	1,850
Motor Carrier Safety Fund	1,818	-	-	-	-	1,818
Defined Contribution Plan	-	-	-	-	1,803	1,803
Alcohol Driver Safety	1,736	-	-	-	-	1,736
Waste Tire Recycling Fund	1,586	-	-	-	-	1,586
Arts In Public Places Fund	1,440	-	-	-	-	1,440
Law Enforcement Assistance Fund	-	1,423	-	-	-	1,423
Property Insurance Fund	1,420	-	-	-	-	1,420
Emergency Medical Services	-	1,387	-	-	-	1,387
Off Highway Vehicles	1,372	-	-	-	-	1,372
Environmental Response Fund	1,210	-	-	-	-	1,210
Donations	1,179	-	-	-	-	1,179
Colorado Children's Trust Fund	1,094	-	-	-	-	1,094
Infant Immunization Fund	1,075	-	-	-	-	1,075
State Rail Bank Fund	1,001	-	-	-	-	1,001
Other Special Purpose Programs	29,508	33	-	82	15,312	44,935
	<u>\$ 383,472</u>	<u>\$ 453,831</u>	<u>\$ 5,742</u>	<u>\$ 2,826</u>	<u>\$ 2,435,925</u>	<u>\$ 3,281,796</u>

**M. PRIOR PERIOD ADJUSTMENTS****Primary Government**

On the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity – All Proprietary Fund Types and Similar Trust Funds*, the beginning fund balance of the Internal Service Funds increased by \$552,131. The adjustment was made because capital that was contributed in prior years was not recorded. There is no related reduction in another fund because the contribution was from the General Fixed Asset Account Group, which does not report operations.

On the *Combined Statement of Changes in Fund Balance – All College and University Funds* the beginning fund balance of several funds increased because of the addition of a higher education entity to the state. The Colorado Northwestern Community College – Rangely Junior

College District became a state agency called the Colorado Northwestern Community College. The Unrestricted Current Funds increased by \$1,761,007, the Restricted Current Funds increased by \$880, the Loan Funds increased by \$833,335, and the Investment in Plant Fund increased by \$22,008,270.

On the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds*, the beginning fund balance of the Special Revenue Funds increased by \$8,000,000. The adjustment was made because a prior year loan disbursement was expended rather than recorded as a loan receivable.



## N. TRANSFERS BETWEEN FUNDS

Operating transfers between funds for the fiscal year ended June 30, 2000, were as follows:

(Amounts in Thousands)	
Transfer	Amount
General Fund to Higher Education	\$700,946
Capital Construction to Higher Education	196,898
General Fund to Capital Construction	176,522
Capital Construction to Highways	44,785
Colorado Lottery Fund to Conservation Trust Fund	35,791
Colorado Gaming Fund to General Fund	33,693
Land Board to General Fund	30,728
Capital Construction to General Fund	27,611
Highways to General Fund	21,106
Controlled Maintenance Trust to Capital Construction	19,059
Wildlife to Capital Construction	12,470
Colorado Lottery Fund to Wildlife	8,948
Treasurer's Expendable Trust to General Fund	9,735
Capital Construction to Debt Service	5,356
Wildlife to General Fund	4,638
General Fund to Water Conservation Construction	4,194
Controlled Maintenance Trust to Disaster Emergency	4,121
Severance Tax Trust Fund to General Fund	3,901
Higher Education to General Fund	3,679
Highways to Capital Construction	2,587
Treasurer's Expendable Trust to Colorado Gaming Fund	2,500
Central Services to General Fund	2,289
Colorado Gaming Fund to Highways	2,252
Water Conservation Construction to General Fund	2,021
Water Conservation Construction to Wildlife	2,000
State Lands to General Fund	1,869
Colorado Lottery Fund to General Fund	1,707
General Fund to Highways	1,342
Victims Compensation to General Fund	1,139
Prison Canteens to Capital Construction	816
Land Board to State Lands	738
Telecommunications to General Fund	720
Correctional Industries to General Fund	482
Labor to General Fund	460
Highways to Public Safety Internal Service Fund	247
General Fund to State Nursing Homes	239
State Employee Group Insurance to General Fund	239
Colorado Gaming Fund to Wildlife	206
Wildlife to State Lands	189
Capitol Complex to Capital Construction	161
Colorado Student Loan Program to General Fund	139
Other Enterprise Funds to General Fund	139
Severance Tax Trust to Water Conservation	133
State Lands to Higher Education	104
State Nursing Homes to General Fund	96
General Fund to Public Safety Internal Service Fund	85
Prison Canteens to General Fund	75
Land Board to Higher Education	70
General Fund to Correctional Industries	64
State Lands to Land Board	57
Other Nonexpendable Trusts to Other Expendable Trusts	32
Gen Government Computer Center to General Fund	25
Colorado Gaming Fund to Capital Construction	20
Colorado Gaming Fund to Other Enterprise Funds	19
Deferred Compensation Plan to General Fund	15
Other Expendable Trusts to Land Board	6
General Fund to Other Expendable Trusts	4
Total Transfers Out	\$1,369,467
Higher Education Transfer to General Fund	
In Net Operating Transfer From State Funds	3,679
Financial Statement Balance	<u>\$1,365,788</u>

In addition to the above transfers, residual equity transfers were made to the proprietary funds from the governmental funds and the General Fixed Assets Account Group. In the proprietary funds, these transfers are shown as "Additions To Contributed Capital" in the fund equity section of the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity, All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units* in the amount of \$323,454. This amount comprises the following transactions:

- The Telecommunications Fund, an internal service fund, received \$304,781 of fixed assets from the General Fixed Asset Account Group that were funded by the Capital Projects Fund and are shown as additions to contributed capital. The account group does not have an operating statement; thus, there is not a corresponding transfer-out.
- The State Nursing Homes, an enterprise fund, received \$18,673 of fixed assets from the General Fixed Assets Account Group that were funded by the Capital Projects Fund and are shown as additions to contributed capital.

The advances from private or public sources in the Capital Projects Fund on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances* represent capital construction projects funded by internal service funds. Due to legal requirements, these projects are accounted for in the Capital Projects Fund.

## O. SEGMENT INFORMATION

### Primary Government

The principal activities of the state's enterprise funds are the guaranteed student loan program, the lottery, the state's nursing homes, the business enterprise program, enterprises at the state's prisons, and the state fair.

The guaranteed student loan program guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools.

The State Lottery encompasses the various lottery and lotto games run under state statute. The net proceeds of the lottery are distributed to the Great Outdoors Colorado program (a related party), the conservation trust fund, and the general fund. The funds are used primarily for open space purchases and recreational facilities throughout the state.

The state nursing homes provide nursing home and retirement care to the elderly. The state's nursing homes are located at Homelake, Walsenburg, Florence, Rifle, and Trinidad.

The business enterprise program assists the visually impaired in operating businesses, such as cafeterias, in state office buildings. Enterprise activities at the state's prisons include the sale of manufactured goods and farm products

produced by convicted criminals incarcerated in the state's prison system.

Segment information for the enterprise funds of the state for the year ended June 30, 2000, is:

(Amounts in Thousands)

	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES	PRISON CANTEENS	CORREC- TIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
Operating Revenue	\$ 52,544	\$ 371,114	\$ 638	\$ 19,082	\$ 9,693	\$ 30,055	\$ 6,418	\$ 3,184	\$ 492,728
Federal Grants and Contracts	44,225	-	676	5,440	-	-	-	554	50,895
Depreciation	815	570	137	522	62	974	821	74	3,975
Operating Income	306	88,149	(756)	(306)	1,672	(355)	(1,514)	(380)	86,816
Operating									
Transfers-In	-	-	-	239	-	64	-	19	322
Transfers-(Out)	(139)	(46,445)	-	(96)	(891)	(482)	-	(139)	(48,192)
Net Income (Loss)	167	(144)	(66)	338	811	(696)	(713)	(99)	(402)
Additions to									
Contributed Capital	-	-	-	19	-	-	-	-	19
Working Capital	47,970	(426)	500	3,181	4,446	11,075	(181)	1,326	67,891
Increase(Decrease) in Net Property, Plant, and Equip	(608)	396	(72)	(55)	(63)	443	(769)	(16)	(744)
Total Assets	59,130	37,642	982	10,933	6,163	22,377	9,670	6,189	153,086
Bonds and Other Long- Term Liabilities	1,339	861	44	691	63	731	2,250	101	6,080
Fund Equity	49,099	1,232	741	9,549	5,811	19,075	5,961	5,426	96,894

### Component Units

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development and utilization of the water resources of the state.

The Denver Metropolitan Major League Baseball Stadium District includes all or part of the six counties in the Denver metro area. The District was created for the purpose of acquiring, constructing and operating a major league baseball stadium. The District levies a sales tax of one-tenth of one percent throughout this District for a period not to exceed 20 years for this purpose. A portion of this tax is shown as taxes receivable on the *Combined Balance Sheet – All Fund Types, Account Groups, and Discretely Presented Component Units*.

University Hospital is a nonsectarian, general acute care regional hospital, with seven outpatient clinics and a home therapy unit, operated by the University of Colorado Hospital Authority. It is the teaching hospital of the University of Colorado Health Sciences Center. The hospital's mission is to provide education, research and a full spectrum of primary, secondary and tertiary health care services to the Denver metropolitan area and the Rocky Mountain Region.

The Colorado Uninsurable Health Insurance Plan is a non-profit public entity created to provide access to health insurance for those Colorado residents who are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

**CONDENSED BALANCE SHEET  
ALL DISCRETELY PRESENTED COMPONENT UNITS**

DOLLARS IN THOUSANDS	TRUST & AGENCY	PENSION TRUST FUND	PROPRIETARY FUND TYPES				TOTAL
	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	
ASSETS:							
Current Assets	\$ 44,752	\$ -	\$ 25,271	\$ 71,733	\$ 87,690	\$ 3,470	\$ 232,916
Investments	119,951	70,638	-	232,716	117,593	-	540,898
Property, Plant and Equip., net	-	-	179,574	239,651	57	4	419,286
Other Long-Term Assets	-	-	942	10,397	415,317	-	426,656
Total Assets	<u>\$ 164,703</u>	<u>\$ 70,638</u>	<u>\$ 205,787</u>	<u>\$ 554,497</u>	<u>\$ 620,657</u>	<u>\$ 3,474</u>	<u>\$ 1,619,756</u>
LIABILITIES:							
Current Liabilities	\$ 122,094	\$ -	\$ 639	\$ 75,979	\$ 48,885	\$ 1,705	\$ 249,302
Notes and Bonds Payable	-	-	46,133	235,837	376,170	-	658,140
Other Long-Term Liabilities	-	-	-	5,899	3,328	-	9,227
Total Liabilities	<u>122,094</u>	<u>-</u>	<u>46,772</u>	<u>317,715</u>	<u>428,383</u>	<u>1,705</u>	<u>916,669</u>
FUND EQUITY:							
Contributed Capital	-	-	386	-	118,426	-	118,812
Retained Earnings	-	-	158,629	-	73,848	1,769	234,246
Fund Balances:							
Reserved	42,609	70,638	-	-	-	-	113,247
Undesignated	-	-	-	236,782	-	-	236,782
Total Fund Equity	<u>42,609</u>	<u>70,638</u>	<u>159,015</u>	<u>236,782</u>	<u>192,274</u>	<u>1,769</u>	<u>703,087</u>
Total Liabilities and Fund Equity	<u>\$ 164,703</u>	<u>\$ 70,638</u>	<u>\$ 205,787</u>	<u>\$ 554,497</u>	<u>\$ 620,657</u>	<u>\$ 3,474</u>	<u>\$ 1,619,756</u>

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND EQUITY - ALL DISCRETELY PRESENTED  
COMPONENT UNITS - PROPRIETARY FUNDS**

DOLLARS IN THOUSANDS	PROPRIETARY FUND TYPES				TOTAL
	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	
OPERATING REVENUES	\$ 774	\$ 274,176	\$ 25,048	\$ 3,194	\$ 303,192
OPERATING EXPENSES:					
Depreciation	4,669	19,047	36	-	23,752
Other Operating Expenses	90	264,993	22,177	4,981	292,241
Total Operating Expenses	<u>4,759</u>	<u>284,040</u>	<u>22,213</u>	<u>4,981</u>	<u>315,993</u>
Operating Income/Excess (Loss)	(3,985)	(9,864)	2,835	(1,787)	(12,801)
Non-Operating Revenues and (Expenses)/Transfers:					
Taxes	33,716	-	-	-	33,716
Other	(4,944)	10,689	1,898	2,045	9,688
Transfers, net	-	-	2,597	-	2,597
Total Non-Operating Revenues and (Expenses)/Transfers	<u>28,772</u>	<u>10,689</u>	<u>4,495</u>	<u>2,045</u>	<u>46,001</u>
Net Income/Change in Retained Earnings	24,787	825	7,330	258	33,200
Fund Equity - Beginning of Year	134,228	210,385	158,893	1,511	505,017
Additions (Deductions) to Contributed Capital	-	25,572	26,051	-	51,623
Fund Equity - End of Year	<u>\$ 159,015</u>	<u>\$ 236,782</u>	<u>\$ 192,274</u>	<u>\$ 1,769</u>	<u>\$ 589,840</u>

## P. OTHER DISCLOSURES

### Primary Government

The Colorado Medical Services Foundation, a related organization, was established to support patient billing and collections for physician fees for the University of Colorado Health Sciences Center. During Fiscal Years 1999-00 and 1998-99, the university was reimbursed \$82.1 million and \$72.7 million, respectively, from the foundation for salaries, fringe benefits, and related costs. In addition, the foundation reimbursed the university \$654,676 for professional liability insurance and administrative costs in Fiscal Year 1999-00. At June 30, 2000, the university owed the foundation \$10,033.

The University of Colorado Foundation, Inc., an unconsolidated affiliated corporation, was established in 1967 as a separate corporation to solicit, collect, and invest donations for the university. The foundation distributed \$40.0 million and \$38.0 million to the university in Fiscal Year 1999-00 and 1998-99, respectively.

The Colorado State University Foundation was established to receive, manage, and invest philanthropic gifts to Colorado State University. During Fiscal Years 1999-00 and 1998-99, the foundation transferred \$20.9 and \$16.8 million, respectively, to the university.

The Fort Lewis College Foundation was established to assist in promoting, developing, and enhancing the facilities and programs of the college. During Fiscal Years 1999-00 and 1998-99, the foundation transferred \$2,293,314 and \$878,236, respectively, to the college.

The Adams State College Foundation was established to provide scholarships and work study grants to students, as well as, program development grants to Adams State College. The foundation provided \$320,869 in grants during Fiscal Year 1999-00.

The Mesa State College Foundation was established to provide financial assistance to Mesa State College students and to assist the college in serving educational needs. In Fiscal Year 1999-00, the foundation donated assets valued at \$565,461 to the college. The foundation also authorized the transfer of \$217,938, which the college recorded as due from the foundation at June 30, 2000.

The Metropolitan State College of Denver Foundation, Inc. was organized and is operated to promote the general welfare of the Metropolitan State College of Denver. The foundation provided \$1,150,262 of funding to the college in Fiscal Year 1999-00. The foundation also reimbursed the college \$51,276 for services provided by a college employee.

The Western State College Foundation was established to aid Western State College in fulfilling its educational

mission. The foundation transferred \$716,577 to the college in Fiscal Year 1999-00.

The Front Range Community College Foundation was established to aid Front Range Community College in fulfilling its educational mission. The foundation transferred \$202,658 to the college in Fiscal Year 1999-00 for student scholarships and instructional program support.

The Morgan Community College Foundation was established to promote the advancement of education and educational facilities at Morgan Community College. The foundation transferred \$146,288 to the college in Fiscal Year 1999-00 for student scholarships, operations, and capital purchases.

The Pueblo Community College Foundation was established to aid Pueblo Community College in fulfilling its educational mission. During Fiscal Year 1999-00, the foundation transferred \$121,840 to the college for scholarships and \$546,332 for equipment and building improvements.

The Community College of Aurora Foundation provides funding and other resources for the development of the Community College of Aurora. The foundation reimbursed the college \$545,339 for maintenance costs and transferred \$166,654 to the college for scholarships and grants. At June 30, 2000, \$115,354 of the maintenance costs were recorded as receivable from the foundation.

The Red Rocks Community College Foundation was established to aid Red Rocks Community College in fulfilling its educational mission. During Fiscal Year 1999-00, the foundation sponsored \$165,681 of scholarships made by the college and transferred \$833,153 to the college for construction of a remote campus. The college expended \$213,740 in support of the foundation's staff and operations.

The University of Northern Colorado Foundation, Inc. was established in February 1966 to promote the welfare, development, growth, and well being of the University of Northern Colorado. The foundation donated \$1,759,940 to the university in Fiscal Year 1999-00. At June 30, 2000, \$312,573 was due from the foundation to the university.

The Colorado School of Mines Foundation, Inc. was established in 1928 as a separate corporation to benefit the School of Mines by soliciting, collecting, and investing donations. During Fiscal Years 1999-00 and 1998-99, the school received \$8,313,341 and \$6,863,799 respectively from the foundation. The foundation owed the school \$263,747 at June 30, 2000. In the event of the Foundation's dissolution, any remaining assets will be transferred to the Colorado School of Mines.

The Colorado School of Mines Building Corporation was established in 1976 to build a facility to house the United

States Geological Survey. The Geological Survey leases the facility from the corporation. The net assets of the corporation at June 30, 2000, and June 30, 1999 were \$1,993,501 and \$2,961,486 respectively.

The Auraria Foundation was established to carry out certain financial arrangements related to the statutory mission of the Auraria Higher Education Center (AHEC). At June 30, 2000, the foundation had raised net donations of \$1,288,439 to fund the construction of a Performing Arts Building at AHEC. The foundation transferred \$1,100,000 of the donations and \$188,439 was due to AHEC at June 30, 2000. The foundation reimbursed AHEC \$225,631 for managerial and administrative costs during Fiscal Year 1999-00.

During Fiscal Years 1999-00 and 1998-99, the Department of Local Affairs distributed \$1,125,000 and \$1,018,778, respectively, to the Colorado Housing and Finance Authority (CHAFA), a related party. The distributions represented 50 percent of the revenues of the waste-tire-recycling program.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the Great Outdoors Colorado Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the state using funds it receives from the Colorado Lottery. During Fiscal Years 1999-00 and 1998-99, the board funded \$9,821,345 and \$10,055,707, respectively of wildlife and parks programs at the Department of Natural Resources. At June 30, 2000, GOCO owed the Department of Natural Resources \$5.7 million.

### Component Units

The University of Colorado Hospital Authority received a net state appropriation of \$8.1 million and \$7.7 million in Fiscal Years 1999-00 and 1998-99 respectively for indigent care. In addition, the hospital participates in the Colorado Disproportionate Share Hospital Program. The hospital received related reimbursements from the state of \$18.8 million and \$17.7 million for the years ended June 30, 2000 and 1999, respectively. For the same years, the Hospital received \$.74 million and \$3.16 million for services provided to medically indigent patients in prior years.

The authority and the University of Colorado Health Sciences Center have developed and received approval for an Institutional Master Plan to create a new academic health sciences center over the next 20 to 50 years. The U.S. Department of Education and the U.S. Army approved the transfer of 186 acres of land and buildings at the Fitzsimons Army Medical Center to the University of Colorado in federal Fiscal Year 2002-03. The Army has conveyed 88 acres under quitclaim deeds in advance of

the official transfer. The quitclaim deeds include conditions subsequent that if not met provide for reverting the property to the United States. The Authority entered a 30-year Ground Lease agreement with the University of Colorado Regents for 18.4 acres with a one-dollar annual fee. The agreement provides for renewals up to 99 years and with certain exceptions, the Ground Lease states that the Authority shall own all buildings or improvements, which it constructs on the property.

Under the Operating Agreement between the University of Colorado Regents and the University of Colorado Hospital Authority dated July 1, 1990, the Regents have entered into contracts with the hospital for the provision of services in support of programs and operations of the University of Colorado Health Sciences Center. Amounts of approximately \$26.6 million and \$23.8 million were paid for these services in Fiscal Years 1999-00 and 1998-99, respectively. Other contracts with the Regents for storage facilities, student health services, and research projects resulted in reimbursements of approximately \$7.7 million and \$3.1 million in Fiscal Years 1999-00 and 1998-99, respectively.

The hospital entered certain provider and network management agreements with the TriWest Healthcare Alliance Corporation. TriWest was formed to deliver health care services to eligible beneficiaries of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). On June 27, 1996, the U.S. Department of Defense awarded TriWest the CHAMPUS contract for a five-year period that began April 1997. As part of the agreements, the hospital purchased a minority interest in TriWest for approximately \$3.3 million. This investment was recorded as "Other Assets" and is accounted for under the cost method. The hospital agreed to secure a letter of credit for \$4.6 million to cover the hospital's share of any potential losses of TriWest. At June 30, 2000, no amounts had been drawn on the letter of credit.

The hospital has contracted with University Physicians, Inc. (UPI), a related party, for the administration of various hospital programs and professional laboratory services. The hospital and UPI have also entered other joint arrangements in furthering the missions of both organizations. Amounts of approximately \$23.0 million and \$19.4 million were paid for these programs during Fiscal Years 1999-00 and 1998-99, respectively.

The hospital is negotiating with UPI to assume 30% participation in the hospital's investment in TriWest. As part of its negotiations, the hospital received a capital contribution of \$994,000 from UPI. Under the current terms of the draft contract between the hospital and UPI, UPI will sign a \$1,380,000 letter of credit, equal to 30 percent of the hospital's letter of credit commitment to TriWest. In a separate agreement, UPI has signed an

agreement with the hospital to assume its network management obligations related to TriWest.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and provides overhead and ancillary services for CRC patients. Charges of approximately \$1.16 million and \$1.17 million were billed to CRC for the cost of these services during Fiscal Years 1999-00 and 1998-99, respectively.

The hospital also leases certain employees to the Colorado Psychiatric Hospital (CPH), a related party, and provides various clinical and administrative services. Amounts for these services charged by the hospital were approximately \$5.8 million and \$7.9 million during Fiscal Years 1999-00 and 1998-99, respectively.

Amounts due from the Health Sciences Center, including CPH and CRC, amounted to \$5.8 million and \$2.5 million at June 30, 2000 and 1999, respectively.

Chartwell Rocky Mountain Region is a Colorado general partnership between the hospital and Chartwell Home Therapies Limited Partnership, a Massachusetts limited partnership. Chartwell Rocky Mountain Region was formed to provide home infusion and respiratory services to alternate-site patients. The partnership began in April 1996. The hospital and Chartwell Home Therapies Limited Partnership each have a 50 percent ownership in Chartwell Rocky Mountain Region. Separate financial statements of Chartwell Rocky Mountain Region are available from Chartwell Home Therapies Limited Partnership.

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#### **NOTE IV. COMMITMENTS AND CONTINGENCIES**

##### **A. LEASE COMMITMENTS**

###### **Primary Government**

The state may enter lease or rental agreements for buildings or equipment. All leases contain clauses indicating that continuation of the lease is subject to funding by the legislature. It is reasonably assured that most of these leases will be renewed in the normal course of business. They are therefore treated as noncancelable for financial reporting purposes.

At June 30, 2000, the state had \$11.2 million of land, \$156.9 million of buildings, and \$123.3 million of equipment under capital leases. The state anticipates \$7,661,521 of minimum sublease rentals, and it paid \$23,946 of contingent rentals during Fiscal Year 1999-00.

Colorado State University Research Foundation, a related party, is a not-for-profit Colorado corporation, established to aid and assist the three universities governed by the State Board of Agriculture in their research and educational efforts. The support provided by the foundation to the universities includes patent and licensing management, equipment leasing, municipal lease administration, debt financing, and land acquisition, development and management. Colorado State University System is sub-leasing space from the foundation. The total obligation is \$1,163,000 with average annual lease payments of \$391,000. Colorado State University is also sub-leasing space from the foundation. The total obligation is \$2,729,000, with average annual lease payments of \$853,000. The university is also leasing equipment from the foundation and has a total lease obligation of \$661,000 with terms ranging from one to six years.

Fort Lewis College leases assets from the Fort Lewis College Foundation and had a lease payable of \$374,225 at June 30, 2000.

Morgan Community College made lease payments of \$66,950 to the Morgan Community College Foundation for classroom facilities.

Pueblo Community College leases equipment from the Pueblo Community College Foundation. The outstanding balance of the lease payable at June 30, 2000, was \$89,737.

The state is obligated under certain leases that it accounts for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the results of the lease agreements are not reflected in the balance sheets of the funds or account groups.

For Fiscal Year 1999-00, the state had building and land rental expenditures of \$29.3 million and equipment and vehicle rental expenditures of \$37.8 million paid to non-state agencies.

The state recorded \$3.5 million of lease interest costs of which approximately \$1.5 million was for certificates of participation for capital financing, \$1.9 million was for state motor fleet vehicle leasing, and \$.1 million was for other capital leases.

The \$3.81 million of capital lease proceeds shown in the governmental funds on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balance* primarily represents lease financing of computers by the Department of Human Services. An equivalent amount of capital outlay expenditure is recognized at the inception of the lease to avoid any impact on fund balance.

Future minimum payments at June 30, 2000, for existing leases were as follows:

(Amounts in Thousands)

Fiscal Year	Operating Leases	Capital Leases				
		Enterprise Funds	Internal Service Funds	Trust & Agency Funds	General Long-Term Debt	College & University Funds
2001	\$ 37,175	\$ 576	\$ 14,123	\$ 26	\$ 8,407	\$ 20,275
2002	32,166	206	11,523	15	6,415	14,589
2003	29,873	203	8,651	10	5,773	13,236
2004	26,919	191	6,158	5	4,603	12,334
2005	23,423	82	3,178	-	4,524	11,898
Thereafter	43,605	39	1,029	-	4,485	105,875
Total Minimum Lease Payments	<u>\$ 193,161</u>	1,297	44,662	56	34,207	178,207
Less: Imputed Interest		(144)	(4,392)	(5)	(4,816)	(63,757)
Present Value of Minimum Lease Payments		1,153	40,270	51	29,391	114,450
Less: Current Portion		(508)	(12,275)	-	(3)	(1,261)
Total Capital Lease Obligations		<u>\$ 645</u>	<u>\$ 27,995</u>	<u>\$ 51</u>	<u>\$ 29,388</u>	<u>\$ 113,189</u>

## Component Units

The University of Colorado Hospital Authority leases certain equipment under non-cancelable operating leases. Rental expense for operating leases approximated \$5.8 million and \$5.7 million for Fiscal Years 1999-00 and 1998-99, respectively. Future minimum lease payments for these leases at June 30, 2000 are:

(Amounts in Thousands)

Fiscal Year	
2001	\$ 3,088
2002	647
2003	612
2004	620
2005	628
Thereafter	1,317
Total Minimum Obligation:	<u>\$ 6,912</u>

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease. Total rental expense for the year ended December 31, was \$95,898 in 1999 and \$87,132 in 1998. The minimum annual rental commitments under this lease are \$99,167 for 2000, \$106,430 for 2001, and \$113,024 for 2002.

## B. NOTES AND BONDS PAYABLE

### Primary Government

Many institutions of higher education and the state nursing homes have issued bonds and notes for the purchase of equipment and construction of facilities. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. During Fiscal Year 1999-00, the state had \$153.3 million of available net revenue after operating expenses to meet the \$35.6 million of debt service requirement related to these bonds. The state is not aware of any violations of any note or bond covenants by itself or any of its institutions at June 30, 2000, or after that date.

On June 1, 2000, The Colorado Department of Transportation issued Transportation Revenue Anticipation Notes, Series 2000 (TRANs) in the amount of \$524,360,000. Voters authorized the issuance in the November 1999 election. The TRANs have terms varying from 1 to 15 years and interest rates ranging from 4.6 percent to 6.0 percent. The TRANs are payable solely from certain federal and state funds annually allocated by the State Transportation Commission. Of the \$524.36 million issued, the amount to be repaid from federal sources is \$262.18 million and is shown on the *Combined Balance Sheet – All Fund Types and Account Groups* as Amount to Be Provided For Retirement of Long-Term Obligations – From Federal Revenues. Before the November 1999 vote, the Colorado Supreme Court determined that the TRANs do not constitute general obligation debt of the state.

The state recorded \$24.5 million of interest costs of which the Guaranteed Student Loan Program paid approximately \$6.0 million, higher education paid \$17.8 million primarily for construction project debt service, and the remaining \$.7 million was for other operating interest.

Annual maturities of notes and bonds payable, including \$3.4 million classified as other current liabilities and \$2.4 million of unamortized bond discounts and premiums, are as follows:

(Amounts in Thousands)				
Fiscal Year	Revenue Bonds	Mortgages Payable	Installment Notes	Total
2001	67,834	3,919	255	72,008
2002	69,153	66	233	69,452
2003	67,712	66	202	67,980
2004	65,893	66	12	65,971
2005	67,550	66	12	67,628
2006-2010	493,207	17,618	4	510,829
2011-2015	448,517	-	-	448,517
2016-2020	56,800	-	-	56,800
2021-2025	28,959	-	-	28,959
2026-2030	7,768	-	-	7,768
Total Future Payments	1,373,393	21,801	718	1,395,912
Less: Imputed Interest	(517,801)	(333)	(532)	(518,666)
Total Principal Payments	\$ 855,592	\$ 21,468	\$ 186	\$ 877,246

### Component Units

The debt service requirements to maturity for the Denver Metropolitan Major League Baseball Stadium District and the Water Resources and Power Development Authority at December 31, 1999 are:

(Amounts in Thousands)		
Year	Denver Metropolitan Major League Baseball Stadium District	Colorado Water Resources and Power Development Authority
2000	\$ 13,981	\$ 40,552
2001	13,983	40,092
2002	13,983	40,020
2003	13,979	39,553
2004	-	39,467
Thereafter	-	395,897
Total Future Payments	55,926	595,581
Less: Imputed Interest	(5,891)	(219,411)
Unamortized Discount, and Deferred Cost	(3,902)	-
Total Principal Payments	\$ 46,133	\$ 376,170

The Denver Metropolitan Major League Baseball Stadium District's bonds are secured by pledged revenues consisting principally of the net proceeds derived by the district from the levy of a one-tenth of one percent sales tax upon all

taxable retail sales within the six county area comprising the jurisdiction of the district.

The outstanding bond principal and interest payments are also unconditionally and irrevocably guaranteed under a noncancelable insurance policy issued by Financial Guaranty Insurance Company. The company has a lien on the district's assets, subordinate to that granted to the bondholders, to secure repayment of amounts paid and expenses incurred by it, if any, under the policy.

The Denver Metropolitan Major League Baseball Stadium District's 1994 refunding resulted in an economic gain of \$2.4 million and a book loss of \$13.5 million. The District amortized \$2.37 million and \$1.87 million of the book loss for fiscal years 1999 and 1998 respectively.

On August 1, 1999, the Denver Metropolitan Major League Baseball Stadium District entered an agreement with the Metropolitan Football Stadium District and other parties to defease its outstanding bonds prior to January 1, 2001. The agreement is contingent upon availability of funds and legal and tax-exemption determinations. If the agreement is consummated, the District has agreed to take all actions necessary to end the Denver Metropolitan Major League Baseball Stadium District sales tax on January 1, 2001.



All of the Water Resources and Power Development Authority's Small Water Resources Program bonds and the Series 1989A and Series 1990A Clean Water Revenue Bonds are insured as to payment of principal and interest by Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Financial Security Assurance, Inc. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation. During 1999, the Authority redeemed the Series 1989A and 1990A Water Pollution Control Revolving Fund State Match Revenue Bonds. Total interest paid during 1999 amounted to \$18,300,839.

During Fiscal Years 1999-00 and 1998-99, the University of Colorado Hospital Authority met all the financial ratio requirements of its bond indenture. Cash paid for interest by the hospital in Fiscal Years 1999-00 and 1998-99 approximated \$13.1 million and \$7.0 million, respectively. Total interest cost capitalized in Fiscal Year 1999-00 amounted to \$.9 million, which is net of \$5.3 million in investment income from the unexpended bond funds.

In April 1999, the University of Colorado Hospital Authority issued Series 1999A revenue bonds in the amount of \$110.0 million. Proceeds from the sale of the bonds will fund a portion of the cost of the construction and equipping

of certain facilities on a new health care campus to be located at the former Fitzsimons Army Medical Center. The unexpended proceeds of the bonds are invested in Guaranteed Investment Contracts at June 30, 2000. The aggregate maturities of long-term debt for University of Colorado Hospital Authority at June 30, 2000 are:

(Amounts in Thousands)			
Year			
2001	\$	3,310	
2002		3,430	
2003		4,170	
2004		4,350	
2005		4,545	
Thereafter		231,125	
Total Long-Term Debt Payments		250,930	
Unamortized Discount		(3,266)	
Deferred Amount on Refunding from Series 1997A Bonds		(8,517)	
Total Carrying Amount of Long-Term Debt	\$	239,147	

## C. CHANGES IN LONG-TERM LIABILITIES

### Primary Government

Changes in long-term liabilities are summarized as follows:

(Amounts in Thousands)				
Fund Type or Account Group	Balance July 1	Changes		Balance June 30
		Additions	Reductions	
<b>Leases Payable:</b>				
Proprietary	\$27,526	\$14,357	\$13,243	\$28,640
Trust and Agency	89	-	38	51
Long-Term Debt Account Group	30,912	2,534	4,058	29,388
Higher Education	122,832	34,948	44,591	113,189
Subtotal	181,359	51,839	61,930	171,268
<b>Bonds Payable:</b>				
Proprietary	2,712	-	502	2,210
Long-Term Debt Account Group	-	524,360	-	524,360
Higher Education	342,530	38,057	34,580	346,007
Subtotal	345,242	562,417	35,082	872,577
<b>Compensated Absences:</b>				
Proprietary	4,093	585	438	4,240
Trust and Agency	203	30	12	221
Long-Term Debt Account Group	104,809	15,784	8,318	112,275
Higher Education	79,828	12,964	7,585	85,207
Subtotal	188,933	29,363	16,353	201,943

(continued)

(continued)

(Amounts in Thousands)

Fund Type or Account Group	Balance July 1	Changes		Balance June 30
		Additions	Reductions	
Other Long-Term Liabilities:				
Governmental				
Deposits Held in Custody	11	6	7	10
Funded Compensated Absences	392	18	169	241
Proprietary				
Unpaid Insurance Claims	44	163	-	207
Expired Warrants Liability	110	5	-	115
Trust and Agency				
Tax Refunds Payable	2,583	-	2,490	93
Treasury Escheats	1,463	-	13	1,450
Deposits Held in Custody	55,418	1,578	-	56,996
Long-Term Debt Account Group				
Risk Management Claims	99,388	-	3,677	95,711
Unpaid Insurance Claims	1,189	-	33	1,156
Labor Fund Claims	181,636	-	14,697	166,939
Highway Construction Advances	2,000	-	1,000	1,000
Medicaid Judgement	-	18,000	-	18,000
Higher Education				
Risk Management Claims/Other	34,459	6,823	10,712	30,570
Subtotal	378,693	26,593	32,798	372,488
Totals	<u>\$1,094,227</u>	<u>\$670,212</u>	<u>\$146,163</u>	<u>\$1,618,276</u>

The following obligations, listed by fund type, represent amounts owed by the state at June 30, 2000, which are classified as other long-term liabilities on the balance sheet.

Funded Compensated Absences in the General Fund are liabilities for payment to employees of the state working in county employment service centers. Expenditures are recognized as the employee earns leave time.

Unpaid Insurance Claims in the Proprietary Funds are the noncurrent liabilities for payments of medical and dental benefits by the State Employees and Officials Group Insurance Plan. Beginning January 1, 2000 the state began purchasing commercial insurance to cover these risks.

Expired Warrants Liability in the Proprietary Funds is for warrants issued by the Lottery Fund that have expired but for which the Lottery would be liable if the payee submitted a claim for reissue.

Tax Refunds Payable in the Trust and Agency Funds are bonds posted by taxpayers concerning the collections of gross-ton-mile and fuel tax, and the deferment of delinquent severance taxes estimated to be collected after more than one year.

Treasury Escheats in the Trust and Agency Funds reflect liabilities recorded related to perpetual property rights of individuals. The property rights are from assets that financial institutions and insurance companies have transferred to

the state treasurer under state law. The amount recorded is an estimate based on historical claims of the fund.

The Risk Management Claims in the Long-Term Debt Account Group are the actuarially determined amounts in excess of the current liability in the General Fund related to self-insurance of general liability. It also represents expected claims under the prior Paid Loss/Retro Plan and the state's current self-insurance plan for workers' compensation.

The Unpaid Insurance Claims in the Long-Term Debt Account Group are for the Department of Human Services workers' compensation self-insurance. A third-party claims administrator currently manages the plan.

Long-term liabilities of the Labor Fund are recorded in the General Long-Term Debt Account Group. Estimated future payments are actuarially determined. Benefits are expected to be funded through future revenues from a special tax on workers' compensation premiums, court awards, and interest income.

Highway Construction Advances in the Long-Term Debt Account Group are related to funds that local governments provided to the Department of Transportation. The Department uses these funds to accelerate highway construction projects of interest to the local government. The funds will be repaid to the local government at the time the project was scheduled to be completed.

The Medicaid Judgement in the General Long Term Debt Account Group is the result of a lawsuit over Medicaid rates paid to a health maintenance organization. The state lost the suit but is appealing the judgement awarded.

The Risk Management Claims in the College and University Funds are primarily for the University of Colorado's self-insurance program for general liability, property, workers' compensation, medical benefits, and medical malpractice. Colorado State University's liabilities for medical, dental and short-term disability benefits for faculty and staff are

also included in this amount. These balances are actuarially determined.

Long-term liabilities that are actuarially determined often include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. See Note IV-E for the amount of claims reported and paid and other adjustments to these actuarially determine liabilities.

## Component Units

(Amounts in Thousands)

	Denver Metropolitan Major League Baseball Stadium District	University Of Colorado Hospital Authority	Colorado Water Resources and Power Development Authority	Totals
Beginning Balance	\$ 68,805	\$ 243,886	\$ 311,339	\$ 624,030
Obligations Issued	-	-	86,075	86,075
Obligations Retired or Reclassified	(22,672)	(2,487)	(18,901)	(44,060)
Increase (Decrease) in Comp. Absences	-	337	-	337
Increase (Decrease) in Other Liabilities	-	-	985	985
Ending Balance	\$ 46,133	\$ 241,736	\$ 379,498	\$ 667,367

## D. DEFEASED DEBT

### Primary Government

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. No debt was defeased during Fiscal Year 1999-00.

The remaining balances of amounts previously placed in escrow type accounts with paying agents for the college and university funds are as follows:

(Amount in Thousands)

Institution	Amount
University of Colorado	\$ 19,630
University of Northern Colorado	17,900
Colorado State University	14,916
Western State College	11,380
Auraria Higher Education Center	11,125
School of Mines	11,045
Fort Lewis College	8,576
Pueblo Community College	3,085
Red Rocks Community College	2,805
Adams State College	770
University of Southern Colorado	10
Total	<u>\$ 101,242</u>

### Component Units

The Denver Metropolitan Major League Baseball Stadium District in-substance defeased \$14.0 million of its 1994 revenue bonds in Fiscal Year 1999 and \$17.1 million of the same bonds in Fiscal Years 1998 and 1997. It had total debt service, including principal and interest, remaining for its in-substance defeased debt of \$35.3 million at December 31, 1999.

The Colorado Water Resources and Power Development Authority had \$56,125,000 of bonds previously issued but defeased at December 31, 1999.

On November 1, 1997, the University of Colorado Hospital Authority issued \$123.9 million in Hospital Refunding Revenue Bonds to advance refund Series 1992A bonds. At June 30, 2000, \$109.1 million of bonds outstanding are considered defeased. The refunding resulted in a deferred loss, which the hospital is charging to operations through Fiscal Year 2022-23. At June 30, 2000, the unamortized deferred loss on refunding is \$8.5 million. The Hospital completed the advance refunding to reduce its total debt service payments over the subsequent 25 years by \$6.5 million and to obtain an economic gain of \$3.7 million.

## E. RISK MANAGEMENT

### Primary Government

The state currently self-insures its agencies, officials, and employees for the risks of losses to which they are exposed. This includes general liability, motor vehicle liability, and worker's compensation. The Risk Management Fund is a restricted General Fund used for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state except for employee medical claims. The State Employees and Officials Insurance Fund is an Internal Service Fund established for the purpose of risk financing employee and state-official medical claims. Before January 1, 2000, the state was self-insured for medical claims. After January 1, 2000, the state and its employees paid premiums for insurance purchased to cover medical claims. Property claims are not self-insured; the state has purchased property insurance.

All funds and agencies of the state, with the exception of the public authorities and the University of Colorado, participate in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completed an actuarial study during Fiscal Year 1999-00 determining both the short and long-term liabilities of the Risk Management Fund.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Worker's Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The state uses the services of the Colorado Compensation Insurance Authority, a related party, to administer its plan. The state reimburses the Authority for the current cost of claims paid and related administrative expenses.

During Fiscal Years 1998-99, 1997-98, and 1996-97 medical claims against the State Employees and Officials Insurance Fund (SEOGI) exceeded the premiums collected. This resulted in decreases in the medical reserve fund equity of approximately \$4.7 million, \$3.8 million, and \$6.5 million respectively. In Fiscal Year 1999-00, SEOGI purchased insurance to address the continuing decrease in

the medical reserve fund equity. The fund includes several medical plan options ranging from provider of choice to managed care.

Before January 1, 1999, the State Employees and Officials Insurance Fund also provided an employer paid short-term disability plan for all employees. On January 1, 1999, the Public Employees Retirement Association (PERA) began covering short-term disability claims for state employees eligible under its retirement plan (See Note V-A). SEOGI continues to provide short-term disability coverage for employees not yet qualified for the retirement plan and limited benefits for employees also covered under the PERA short-term disability plan. The SEOGI program provides an employee with 60 percent of their pay beginning after 30 days of disability or the exhaustion of the employee's sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

Before October 1, 1996, the Regents of the University of Colorado participated in the University of Colorado Insurance Pool – a public-entity self-insurance pool. After that date, the university became self-insured for worker's compensation, auto, general and property liability, and employee and university-official medical claims. A third party handles the university's medical claims through a contractual agreement. The University purchases excess insurance to cover losses over a self-insured retention or deductible. During plan year 1999, claims exceeded premiums collected for the self-funded health program. Reserves and payments from other University sources will offset the resulting deficit. Effective January 1, 2000, the University transitioned to a fully insured health program.

The University of Colorado Health Sciences Center's Housestaff Health Benefits Plan is a comprehensive self-insurance health and dental benefits program for physicians in training at the Health Sciences Center. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance. Collections from the stop-loss insurance totaled \$84,191 over the three previous years.

The Center also self-insures its faculty, staff and students for medical malpractice through the University of Colorado Self-Insurance Risk Management Trust. The discounted liability for malpractice is determined annually by an actuarial study.

Colorado State University provides a medical, dental, short-term disability, and post-retirement health care subsidy plan for academic faculty, administrative professional staff, and certain other employees. The plan was formed in 1985. The medical, dental, and short-term disability plans are funded by monthly contributions of participating employees. The University contributes one percent of covered payroll to the post-retirement health care subsidy. A third party administers the plan and provides actuarial analysis of claims liabilities. The plan purchases re-

insurance for claims over \$200,000 and for aggregate claims over 125% of expected claims.

The Department of Human Services uses a third-party administrator to manage claims related to the Human Services Workers' Compensation Plan which was self-insured during the period from July 1, 1985, to June 30, 1990. However, new claims are administered by Risk Management and paid from the Risk Management Workers' Compensation Plan.

As noted above, some plans converted from self-insured to fully insured during Fiscal Year 1999-00. Except for those conversions, there were no significant reductions or changes in insurance coverage from the prior year. Settlements did not exceed insurance coverage in any of the past three fiscal years.

Changes in claims liabilities were as follows:

(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Risk Management:				
Liability Fund				
1999-00	\$ 23,011	\$ 1,747	\$ 4,270	\$ 20,488
1998-99	23,095	1,976	2,060	23,011
1997-98	21,124	7,936	5,965	23,095
Workers' Compensation				
1999-00	102,586	19,655	20,357	101,884
1998-99	98,328	24,429	20,171	102,586
1997-98	95,749	28,470	25,891	98,328
Employee's and Officials Insurance Fund:				
1999-00	13,580	35,682	47,557	1,705
1998-99	10,733	66,369	63,522	13,580
1997-98	10,285	60,571	60,123	10,733
University of Colorado:				
General Liability, Property, and Workers' Compensation				
1999-00	15,305	1,433	3,395	13,343
1998-99	16,918	3,270	4,883	15,305
1997-98	19,329	3,666	6,077	16,918
Medical Benefits Plan				
1999-00	5,820	13,688	17,547	1,961
1998-99	7,902	27,934	30,016	5,820
1997-98	5,761	30,957	28,816	7,902
University of Colorado Health Sciences Center:				
Medical Malpractice				
1999-00	7,839	1,639	1,807	7,671
1998-99	8,167	515	843	7,839
1997-98	7,089	1,902	824	8,167
Housestaff Health Benefits				
1999-00	553	2,390	2,402	541
1998-99	592	2,436	2,475	553
1997-98	526	2,500	2,434	592
Colorado State University				
Medical, Dental, and Disability Benefits				
1999-00	2,614	4,401	4,199	2,816
Department of Human Services:				
Workers' Compensation				
1999-00	1,189	-	33	1,156
1998-99	1,570	-	381	1,189
1997-98	1,951	-	381	1,570

### Component Units

As of October 1, 1989, the University of Colorado Hospital Authority began self-insuring against malpractice claims in excess of coverage provided by the University of Colorado Self Insurance Risk Management Trust in which the hospital participates. For Fiscal Year 1999-00, the hospital recorded premium and administrative expense of \$152,000. The trust had a fund balance in excess of reserves for losses and loss adjustment expense, and the hospital received a refund of \$95,000. The hospital had established an additional self-insurance trust fund for uninsured losses, funding of which was determined by an independent actuarial computation. However, according to the June 30, 2000 actuarial report, the hospital no longer has any exposure related to the period from October 1, 1989, to September 30, 1991, when it may not have been a governmental entity. Consequently, the excess self-insurance fund is no longer in place. The hospital purchases insurance coverage for employee health, dental, and accident claims through the University of Colorado and commercial insurance companies.

The Denver Metropolitan Major League Baseball Stadium District purchases commercial insurance to mitigate most of its risk of loss. It requires its lessee and contractors to cover certain other risks. These parties provided the required coverage at their own cost in 1998 and 1999. There were no significant reductions in insurance coverage from the prior year.

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

## F. CONTINGENCIES

### Primary Government

Most claims against the state are limited by the Colorado Governmental Immunity Act that sets upper limits of state liability at \$150,000 per person and \$400,000 per occurrence. Judgments awarded against the state for which there is no insurance coverage or which are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Numerous court cases are pending in which the plaintiffs allege that the state has deprived persons of their civil rights or inadequately compensated them for their property. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the civil rights cases would exceed the insurance coverage available by a material amount. The state believes it is highly unlikely that there will be actual awards of judgments in material amounts.

The state is a defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners and mental patients. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include request for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement are unconstitutional.

The state is defendant in lawsuits by employees accusing the state of various infractions of law or contract. These include claims related to age and sex discrimination, wrongful termination, contractual agreements for paying of salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The state does not believe that any of these cases are material to its financial operations.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the state being liable to those parties for any disallowed expenditure. The state is contesting the disallowance related to such audits, and the outcome is uncertain at this time.

The Colorado Student Loan Program, in the event of adverse loss experience, could be liable for approximately 25 percent (\$408.7 million) of the outstanding balance of loans in repayment status. However, the probability of a material loss is remote.

One class action suit has been filed and another threatened against the Department of Health Care Policy and Financing. The suits allege that the department inappropriately denied individuals' Medicaid benefits. The fiscal impact on the state's portion of the Medicaid program cannot be estimated. However, the administrative costs are estimated to be between \$300,000 and \$400,000.

The U.S. Environmental Protection Agency has, in several instances, either sued the state or given notice of the state's potential responsibility under CERCLA. This includes the School of Mines as well as non-state parties. Issues have arisen because of costs associated with the cleanup of hazardous substances at several sites owned by the state.

The United States and the State of Colorado have sued and been counter-sued by an individual regarding the environmental clean up of the Summitville Superfund Site in southern Colorado. The counter-suit does not specify damages. However, the Environmental Protection Agency and the State of Colorado have expended approximately \$94 million in the clean up.

At June 30, 2000, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately \$726.8 million in the name of lottery or lotto prizewinners. The probability is remote that any of the

sellers of these contracts will default, and thus, require the state to pay the annuity.

Various notes and bonds have been issued by state school districts that may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the state treasurer shall forward the amount necessary to make the payment to the paying agent. The state shall then withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the state's loss. Currently, notes or bonds valued at over \$4.01 billion are outstanding. Of this amount, \$2.71 billion is covered by private insurance.

The Colorado Department of Transportation is in the process of remediating its leaking underground fuel storage tanks and other hazardous wastes at its facilities. The department has estimated that its future costs will be approximately \$20 million, and the process will not be completed until the year 2010.

The State of Kansas has sued the state in the U.S. Supreme Court for alleged violations of the Arkansas River Compact. The case was bifurcated into a liability and a remedy phase. The Supreme Court ruled in favor of Kansas in one of its three claims and a Special Master was appointed. The Special Master has not set an amount for the appropriate

remedy, but has instructed the parties to confer on the calculation of damages. Estimates of the damages have varied widely during the life of the suit; they are currently set between \$40 million and \$65 million.

The State of Nebraska has taken action to name the State of Colorado in a cross-claim suit in relation to the State of Kansas' suit alleging violations of the Republican River Compact. Nebraska has not specified an amount of damages sought, and the amount cannot be estimated at this time.

A class action suit has been brought against the state seeking damages of \$703 million – equal to the sales tax refund for Fiscal Years 1996-97 and 1997-98. The suit alleges that the refund program violates interstate commerce, equal protection and privileges, and immunity clauses of the U.S. Constitution. It also alleges that the TABOR amendment, under which the refund was made, violates the equal protection and due process clauses of the Colorado Constitution.

The state believes it has a good chance of prevailing in these cases, but the ultimate outcome cannot presently be determined. No provision for any liability that may result has been made in the financial statements.

## **NOTE V. PENSION SYSTEM AND OBLIGATIONS**

### **A. PLAN DESCRIPTION**

Virtually all State of Colorado employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families during retirement or in case of death or disability.

#### Administration of the Plan

The plan, a cost-sharing multiple-employer plan, is administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931, and it includes the State and School Division Trust Fund, the Municipal Division Trust Fund, and the Judicial Division Trust Fund. The authority to establish or amend plan benefits is retained by the General Assembly in accordance with Title 24, Article 51 of the Colorado Revised Statutes (CRS).

The state plan, as well as the other divisions' plans, are included in PERA's financial statements which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado, 80203.

Members with five or more years of service automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement.

#### Defined Retirement Benefits

Plan members are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20, and 65 – 5.

House Bill 00-1458, passed in the 2000 legislative session, changed the retirement eligibility of some state workers. Members who are 55 years of age or older and retiring June 1, 2000, or later, with age plus years of service totaling 80 or more, may retire without a reduction for early retirement. The reduction for early retirement for some members with age plus years of service totaling less than 80 was also lowered. In addition, beginning March 1, 2000, the annual increase for PERA benefits will

be 3.5 percent compounded annually, and it will no longer be tied to the Consumer Price Index. Currently, the increase is the lower of the actual rate of inflation or a cumulative annual rate of 3.5 percent since retirement.

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest annual salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit. Service retirement benefits are calculated at 2.5 percent of HAS for each year of service credit. The benefit is limited to 100 percent (40 years) and cannot exceed the maximum amount allowed by federal law.

Reduced service retirement benefits are available at the following age and years of service; 50–25, 55–20, and 60–5. The benefit is calculated similarly to a service retirement benefit; however, it is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement.

#### Money Purchase Retirement Benefit

A money purchase benefit is determined by the member's life expectancy and the value of the member's contribution account plus a matching amount as of the date of retirement. The matching amount is 100 percent of the member's contributions and interest at the time of retirement. For members who have less than five years of service, a money purchase benefit is payable beginning at age 65.

#### Service Requirement and Termination

Employees who terminate before meeting the required age and years of service are refunded their contributions made to the plan plus interest. Employees terminating after meeting the service requirements may, if they desire, remain in the plan until eligible for retirement. Members who are under age 65 or are not eligible for retirement that withdraw from the plan receive a refund of their contributions, interest on their contributions, plus an additional 50 percent of their contribution and interest. If the withdrawing member has reached age 65 or is retirement eligible, the matching payment increases to 100 percent. The interest rate paid is set at 80 percent of the PERA actuarial investment rate. A refund cancels a former member's right to future benefits.

#### Disability and Survivor Benefits

PERA provides a two-tiered disability program. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits. If the member is not totally and permanently disabled, they are provided reasonable income replacement through a third party insurance carrier and rehabilitation or retraining services. If the member is totally and permanently disabled they receive disability retirement benefits based on HAS

and earned, purchased, and in some circumstances, projected service credit.

If a member dies before retirement, their survivors are entitled to a single payment or monthly benefits. The order of payment to survivors is dependent on the years of service and retirement eligibility of the deceased member. Under various conditions, survivors include qualified children under 18 (23 if a full-time student), the member's spouse, qualified children over 23, financially dependent parents, named beneficiaries, and the member's estate.

### **B. FUNDING POLICY**

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. Members are required to contribute 8 percent of their gross salary, except for state troopers and CBI officers, who contribute 10 percent. Annual gross covered wages subject to PERA are gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

The state contribution rate from July 1, 1999 to June 30, 2000, was 11.4 percent (13.1 percent for state troopers and CBI officers) of the employee's gross covered wages with 10.3 percent allocated to the employees retirement account and the remaining 1.1 percent allocated to the Health Care Fund (See Note V-E). The state made retirement contributions of \$174.2 million, \$184.9 million, and \$175.5 million, in Fiscal Years 1999-00, 1998-99, and 1997-98, respectively. These amounts do not include the Health Care Fund contribution. For each year, the retirement contribution was equal to the requirement.

### **C. OTHER RETIREMENT PLANS**

#### **Primary Government**

Some employees of various institutions of higher education may be covered under other retirement plans. Presidents, deans, professors, and instructors in state educational institutions are enrolled in defined benefit plans such as the Teachers Insurance and Annuity Association, the Variable Annuity Insurance Corporation, or other similar plans.

Faculty members at the University of Colorado are also under Social Security. Faculty members at Colorado State University were covered exclusively by PERA until May 1993. Faculty members hired after that time are covered by one of several defined contribution plans. Faculty previously covered by PERA had the choice of converting entirely to the defined contribution plan or remaining in



PERA for their service until May 1993, with service after that time credited to the defined contribution plan.

The state made contributions to other pension plans of \$42.1 million and \$27.9 million during Fiscal Years 1999-00 and 1998-99, respectively. In addition, the state paid \$35.4 million and \$37.1 million in FICA or Medicare taxes on employee wages during Fiscal Years 1999-00 and 1998-99, respectively.

PERA offers a voluntary 401(k) plan entirely separate from the defined benefit plan. PERA members may make contributions of up to 23 percent of their annual gross salary, to a maximum of \$10,000. Contributions and earnings are tax deferred. On December 31, 1999, the plan had net assets of \$514.1 million and 24,224 accounts.

The Fire and Police Pension Association, a related party, was established to insure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 1999-00 and 1998-99, the state treasurer transferred \$28.7 million and \$28.5 million to the association to enhance its actuarial soundness. This included the state's cost for the accidental death and disability insurance policy the association provides to volunteer firefighters.

#### Defined Contribution Pension Plan

On July 1, 1998, the state began providing a defined contribution plan for certain employees identified in statute. The plan is authorized in Title 24 Article 54.7 of the Colorado Revised Statutes, and it is established and administered by the five-member Defined Contribution Retirement Committee. Changes to the plan must be consistent with the authorizing legislation. The state is the sole contributing employer of the plan.

The following classes of state employees are covered; legislators, elected state officials and their deputies, department executive directors appointed by the governor, members of the Public Utilities Commission, employees of the governor's office not covered by the state personnel system, and employees of the Senate and House of Representatives. Participation in the plan by eligible employees is voluntary; however, a participant cannot also be an active member in the Public Employees Retirement Association (PERA). At June 30, 2000, 212 state employees had accounts with the defined contribution retirement plan.

The plan provides benefits to participants through purchased annuity contracts, certificates, or similar instruments; all of which are required to be fully portable.

Contributions to the plan are set in statute as a percent of salary, and they are required to be the same as the contributions to the defined benefit plan administered by the PERA. During Fiscal Year 1999-00, the state

contribution rate was 11.4 percent and the employee was required to contribute 8 percent of gross covered wages.

The financial statements of the Defined Contribution Plan are prepared on the accrual basis in accordance with NCGA Statement 1 and Governmental Accounting Standards Board Statement 25. The Plan recognizes member and employer contributions as revenues in the period in which the employee is compensated. Investments are reported at fair value.

The Plan had the following concentrations of investments greater than five percent:

Investment	Balance	Percent
MFS Investors Growth	\$335,935	18%
Vanguard Index 500	265,695	15%
Vanguard Asset Allocation	202,921	11%
Valic Fixed Fund	231,497	13%
T. Rowe Price Small Capitalization	160,741	9%
Templeton World One	123,372	7%
MFS Investors Trust	109,210	6%
MS Large Company Growth	103,798	6%
Other	264,266	15%
Totals	<u>\$1,797,435</u>	<u>100%</u>

#### **Component Units**

Employees of the Colorado Uninsurable Health Insurance Plan, and the Colorado Water Resources and Power Development Authority are covered under the State and School Division of PERA. (See Note V-A)

The University of Colorado Hospital Authority participates in two retirement plans, which cover substantially all of its employees. The hospital maintained a noncontributory defined benefit pension plan for its employees through March 1995. Under this plan, contributions credited to each covered employee's account were based on a percentage of compensation earned by the employee. Vesting under this plan is based on length of service. Benefits are payable as a lump sum upon retirement or separation or under several annuity options upon retirement.

As of March 31, 1995, a final contribution was credited to the accounts of all covered employees of record on that date, and this plan was frozen. Employee accounts continue to accrue interest based on the Thirty-Year Treasury Constant Maturities rate, and covered employees not fully vested in this plan will continue to earn credit toward vesting under a new plan. As the hospital acts in a fiduciary capacity for this plan and has the ability to amend the plan at its discretion, the plan's assets and related reserves are included in the financial statements as a pension trust fund.

As of April 1, 1995, the hospital amended its retirement plan based on its ability to withdraw from the Old Age, Survivors, and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA) by virtue of

its operation under legislatively granted state authority. The hospital and its employees still contribute to and participate in the Medicare component of FICA. The hospital's amended plan is composed of three distinct components: a Basic Pension Plan, an Investment Account, and a Matching Account.

The Basic Pension Plan is a defined benefit plan with benefits payable based on length of service and average compensation earned by the employee during the five most highly compensated calendar years of service after 1994. Vesting under this component is based on length of service. The hospital's funding policy is to contribute amounts at least equal to the minimum funding requirements of ERISA.

The hospital made contributions of \$5.7 million and \$4.8 million to its defined benefit plans in Fiscal Years 1999-00 and 1998-99, respectively. The actuarially computed net periodic pension cost for this plan was \$5.72 million and \$4.86 million for those years. According to the unaudited actuarial report, the hospital met the annual required contribution in each of the past four fiscal years. Actuarial value of the plan assets was \$62.5 million and \$54.5 million for Fiscal Years 1998-99 and 1997-98, respectively. Excluding U.S. Treasury securities, the plan had five investments where the fair value exceeded five percent of the plan net assets; Glenmede International Portfolio Fund – \$11.2 million, Faye Sarafim Large Cap Growth – \$17.9 million, Becker Capital Management Small Cap Equity – \$5.9 million, Cutler & Company Value Portfolio – \$8.3 million, Reams Asset Management Fixed Income – \$26.7 million.

The Investment Account is a qualified defined contribution retirement plan under the provisions of Internal Revenue Code (IRC) Section 401(a). Employees are required to contribute 6.2% of their gross compensation, which is equivalent to what their OASDI contributions were under FICA participation. Employees are always fully vested in this component of the plan. Total compensation covered in this plan for the years ended June 30, 2000 and 1999 was approximately \$98.9 million and \$90.9 million, respectively. The hospital is required by law to provide an additional make-up contribution for certain part-time employees equal to 1.3% of their compensation until they are fully vested in the Basic Pension Plan. Since April 1, 1995, make-up contributions made by the hospital have approximated \$104,000.

The Matching Account is a qualified single-employer tax-deferred annuity plan under the provisions of IRC Section 403(b). Employees are eligible to contribute a percentage of their gross compensation, tax-deferred up to legal limitations established under the IRC. In addition, the hospital matches employee contributions 100% on the first 3% of gross compensation contributed. Employees are always vested 100% in their contributions; however, the

hospital's matching contributions are subject to a five-year vesting schedule. The hospital's matching contributions for Fiscal Years 1999-00 and 1998-99 were approximately \$1.79 million and \$1.70 million respectively.

The hospital has contributed to PERA in accordance with actuarially determined funding amounts for their employees who are still state employees. Pension expense related to state employees was \$213,000 and \$240,000 for Fiscal Years 1999-00 and 1998-99, respectively. There were no transfers from PERA to the hospital's pension plan for previous state employees who have transferred their benefits to the hospital's pension plan for the years ended June 30, 2000 and 1999.

#### **D. EMPLOYEE DEFERRED COMPENSATION**

The state initiated a deferred compensation (457) plan for state employees in 1981. This plan uses a third party administrator, and all costs of administration and funding are borne by the plan participants. The assets of the plan are not assets of the state, but are held in trust for the exclusive benefit of plan participants and their beneficiaries. Fund equity of the plan was \$365.3 million and \$327.6 million at June 30, 2000, and June 30, 1999, respectively. The state has no liability for losses under the plan but does have the duty of due care that is required of a fiduciary agent.

#### **E. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

##### Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Legislation enacted during the 1999 session established the Health Care Trust Fund effective July 1, 1999. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During 1999, the subsidy was \$115.00 for those with 20 years of service credit and reduced by \$5.75 for each year under 20.

The Health Care Fund is maintained by a contribution of 1.1 percent of covered salary. The state paid contributions of \$18.6 million, \$14.0 million, and \$13.1 million in Fiscal Years 1999-00, 1998-99, and 1997-98, respectively. Monthly premium costs for participants depend on the health care plan selected, the number of persons covered, Medicare eligibility, and the number of years of service credit. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans, and with

health maintenance organizations providing services within Colorado. As of December 31, 1999, there were 31,266 participants, including spouses and dependents, from all contributors to the plan.

#### Life Insurance Program

PERA provides its members access to two group decreasing-term life insurance plans offered by Prudential and Rocky Mountain Life. Active members may join one or both plans, and they may continue coverage into

retirement. Premiums are paid monthly by payroll deduction.

#### Other Programs

Separate post-retirement health care and life insurance benefit plans exist in some state colleges and universities but are small in comparison to the PERA plan for state employees. The state has no liability for any of these post-retirement health care and life insurance plans.

### **NOTE VI. SUBSEQUENT EVENTS**

#### **A. PENSION PLAN CHANGES**

House Bill 00-1458, passed in the 2000 legislative session, made the following three major changes to the public employees' pension plan in addition to those discussed in Note V-A above.

- Employer contribution rates of the State and School Divisions of PERA will be reduced to 10.4 percent of salary from 11.4 percent effective July 1, 2000. Senate Bill 99-90 had previously set the date of this reduction at January 1, 2001.
- Any overfunding of the PERA pension trust funds will be allocated 30 percent to the Health Care Trust Fund to support future increases in health care premium subsidy, 20 percent to reductions in PERA employer contributions, and 50 percent to match member's voluntary contributions to defined contribution plans.
- Effective July 1, 2000, members eligible to retire that were hired before July 1, 1988, can convert their unused sick leave in excess of 360 hours to salary at 15 percent of their hourly rate. The conversion is generally available until June 30, 2005, but colleges and universities have an option of whether or not to make it available to their exempt employees. State employees normally convert sick leave only at retirement or death at the rate of 25 percent. However, the 25 percent conversion payment is not considered salary in the calculation of retirement benefits.

House Bill 00-1225 passed in the 2000 legislative session authorized the Deferred Compensation Committee to establish a defined contribution plan under section 401(a) of the Internal Revenue Code of 1986. The 401(a) will accept the state's matching contribution to the employee's contribution to the 457 deferred compensation plan.

#### **B. NOTE ISSUANCE**

##### **Primary Government**

On July 5, 2000, the state treasurer issued \$150 million in Tax Revenue Anticipation Notes. The treasurer will repay the Notes in June 2001; the Notes are primarily issued for cash management purposes. On October 2, 2000, the state treasurer issued an additional \$250 million in Tax Revenue Anticipation Notes.

##### **Component Units**

On March 8, 2000, the Colorado Water Resources and Power Development Authority issued Small Water Resources Revenue Bonds in the principal amount of \$24,110,000. The bonds consist of serial bonds (\$16,450,000) maturing 2017 and term bonds (\$7,660,000) maturing 2020. Interest on the bonds is payable semi-annually with rates ranging from 4.3% to 5.8%. The bonds are insured as to payment of principal and interest by Financial Guaranty Insurance Company.

#### **C. RISK MANAGEMENT FUND CHANGE**

Senate Bill 00-86 passed in the 2000 legislative session terminated the state's liability for claims and lawsuits asserted against the Colorado Compensation Insurance Authority, a related party. Before the effective date, July 1, 2000, the Authority was covered by the Risk Management Fund.

